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WORLD NEWS

New Craxi government sworn in

Italy's new Government was sworn in yesterday after Socialist leader Bettino Craxi accepted a second term as Premier.

He presented a cabinet list to President Cossiaga showing eight changes from his previous five-party government, which resigned on June 27 after three years in office—the longest of 44 postwar governments.

Mr Craxi hopes for votes of confidence from the senate and chamber of deputies by the end of next week. Back Page

Murdoch olive branch

News International chairman Rupert Murdoch said he was ready to meet print unions for talks on the six-month dispute at the Wapping printing plant. Earlier story, Page 5

Mrs Tebbit goes home

Mrs Margaret Tebbit, wife of the Tory Party chairman, left hospital almost two years after being paralysed in the Brighton hotel bomb blast.

IRA deters builder

Building company John Laing withdrew from a Northern Ireland security forces contract after death threats from the IRA.

Five missing at sea

An air and sea search began off the coast of south-west Ireland last night for five men missing after their trawler sank. Ten others were rescued.

Gemayel call to Assad

Lebanese President Amin Gemayel appealed to Syrian leader Hafez al-Assad to help end Lebanon's civil war. Three people were hurt by a Beirut car bomb.

Old aircraft returned

West Germany returned to the Netherlands the oldest surviving Fokker aircraft. Built by Anthony Fokker in 1913, it was stolen by Nazi air force chief Hermann Goering in 1941.

Private space launches

The Reagan administration, considering the future of the US space programme, is expected to relegate most of the commercial launch business to private industry. Page 2

Israel-Soviet moves

Israeli and Soviet officials will meet soon to discuss consular issues, which could lead to renewed diplomatic relations. Page 2

40 die in bus crash

At least 40 people, mostly pilgrims, died when their bus fell into a ravine in Uttar Pradesh, India.

Shagari banned for life

Nigeria's former civilian president Shehu Shagari and his deputy Alex Ekwueme were banned from public office and political activity for life by the military regime.

Clearing the air

Air Canada is to ban smoking on many of its internal flights, after tests showed strong support for the move among passengers.

Chess challenge

Garry Kasparov and Anatoly Karpov began their third game in the world chess title series in London. The first two were drawn. Feature, Weekend FT, Page XIV

Australian marathons

Australians Rob de Castella and Lisa Martin won the men's and women's marathons at the Commonwealth Games. Nuclear attack warning sirens went off accidentally as the Queen was visiting Edinburgh for the Games.

BUSINESS SUMMARY

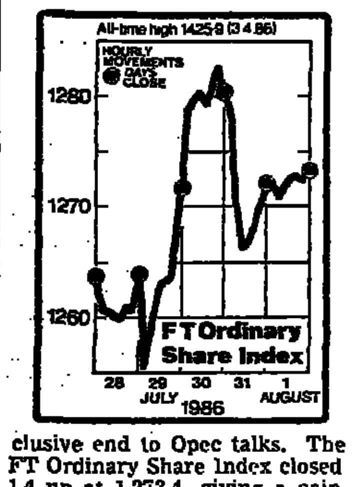
Manila in $500m deal with IMF

THE Philippines Government of President Corazon Aquino has reached broad agreement with the International Monetary Fund in Manila on an economic package totalling $500m (£336.6m) to boost growth in the next 18 months.

The target for growth in 1986 is 1.4 per cent, with an inflation rate confined to between 6 and 8 per cent. Back Page

OIL: The Caterers Offshore Trade Association, in a split caused by falling prices, expelled a member company which allegedly broke a pay agreement. Back Page; Opec talks, Page 2

EQUITIES trading was restrained by political uncertainties over South Africa and the prospect of an inconclusive end to Opec talks. The FT Ordinary Share Index closed 1.4 up at 1,273.4, giving a gain on the week of 9.7. Page 11



US service sector continued to expand in June but the sharp decline in manufacturing appeared to grow more severe. Although the data were slightly better than expected the dollar fell nearly 1 pfennig in London to DM 2.0835. Back Page; Money markets, Page 9

GOLD price in London rose $3.375 to a two-year peak of $362.25, supported by the dollar's weakness and fears over the effect that sanctions would have on South African supplies. Page 11

PRUDENTIAL Property Services furthered its aim of forming a nationwide estate agency chain with the purchase of Reeds Rains, based in the North-west. Back Page

EGYPT is expected to ask US Vice President George Bush, who arrives in Cairo this weekend, for aid in the face of falling foreign exchange earnings. Page 2

GREENPEACE has called for an EEC ban on products made from kangaroo skins in an attempt to halt slaughter of the animals in Australia. Page 4

MORGAN GRENFELL merchant bank, which recently obtained a Stock Exchange listing, raised $200m (£134m) through a Euromarket issue of perpetual floating rate notes. Page 8

ICL, largest UK-owned computer group, is collaborating with Sun Microsystems of the US in the market for technical workstations. Page 4

OXFORD STREET retailers are expected to win approval from Westminster City Council for late-night trading in the week. Page 5

GREYHOUND, US bus group and consumer products concern, lifted second-quarter net profits by 12 per cent to $46.6m (£31.3m). Page 9

EXTEL, sport and financial information group, plans to buy Dealers' Digest publishing company in New York for $40m (£26.8m). Page 8

ROBERT MAXWELL'S privately owned Pergamon Press took another step towards becoming an investment holding company with the sale of businesses valued at £30m to Hollis Brothers. Page 8

MARKETS

DOLLAR

New York lunchtime:
DM 2.0835
FFr 6.7755
SFr 1.66925
Y153.7

London:
DM 2.0835 (2.093)
FFr 6.7825 (6.8025)
SFr 1.669 (1.6775)
Y153.75 (same)

Dollar index 111.2 (111.4)
Tokyo close Y154.1

US LUNCHTIME RATES

Fed Funds 6⅜%
3-month Treasury Bills: yield: 5.78%
Long Bond: 97⅞
yield: 7.48%

GOLD

New York: Comex Dec latest $366.4
London: $362.25 ($358.875)

STERLING

New York lunchtime $1.483
London: $1.4855 (1.4925)
DM 3.095 (3.1225)
FFr 10.075 (10.1525)
SFr 2.48 (2.5025)
Y228.5 (229.5)

LONDON MONEY

3-month interbank:
closing rate 9 11/16% (same)

NORTH SEA OIL

Brent 15-day August (Argus)
$9.40 ($9.30)

STOCK INDICES

FT Ord 1,273.4 (+1.4)
FT-A All Share 773.01 (+0.2%)
FT-SE 100 1,561.8 (+3.7)
FT-A long gilt yield index:
High coupon 9.56 (9.54)
New York lunchtime:
DJ Ind Av 1,774.75 (−0.56)
Tokyo:
Nikkei 17,321.93 (−187.75)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark [illegible]

US sanctions against S. Africa closer after key senators vote

BY REGINALD DALE IN WASHINGTON AND BERNARD SIMON IN JOHANNESBURG

THE PROSPECT of new US sanctions against South Africa came much closer laset night after the Senate Foreign Relations Committee approved a series of anti-apartheid measures and sent them for a vote by the full chamber.

The move came as South Africa took its first pre-emptive action by imposing sanctions against its black neighbours and drew up new currency rules to encourage foreign investment, especially in property.

The Senate bid, introuced by Mr Richard Lugar of Indiana, the Senate committee's Republican chairman, goes further than President Ronald Reagan would like in penalising Pretoria, but is intended to stop short of extreme measures that would invite a presidential veto.

It is less stringent, however, than legislation already approved by the Democrat-controlled House of Representatives, which would sever virtually all US commercial ties with South Africa.

The bill, adopted by a 15-to-two vote, would ban new US investment in South Africa, bank loans and imports of coal and uranium. If Pretoria made no significant progress towards ending apartheid in one year, steel, textiles, agricultural products, diamonds and strategic materials could be added to the list of proscribed imports.

The US would also withdraw landing rights from South African Airways and Mr Reagan would be urged to sell US gold reserves to depress the world price. The bill would also stop Pretoria and government-owned companies from using the US banking system.

Meanwhile, South Africa has announced a licensing system on imports from Zimbabwe.

The Trade and Industry Department said the import permits, to be introduced next Friday, "will enable the Government to monitor the volume and nature of products imported from Zimbabwe."

It said the move was prompted by the authorities' duty to protect South African business, to safeguard sources of supply, and "in view of other developments concerning southern Africa."

Pretoria does not publish details of trade with other African countries. Annual imports from Zimbabwe have totalled an estimated 150m-200m rand in recent years. Major items include textiles, clothing, tobacco and a wide variety of manufactured consumer goods. A trade agreement between the two countries provides for preferential customs tariffs on some items.

The new currency rules—designed to encourage foreign investments according to government and banking officials—will mean that the market in the financial rand, the investment currency which trades at a large discount to the commercial rand, will be broadened to include foreign investment in unlisted companies, and between 50 per cent and 100 per cent of property purchases by foreigners.

The changes coincide with an announcement by Dr Gerhard de Kock, Governor of the Reserve Bank, that the outflow of capital from South Africa has accelerated in the past two months as political pressures have increased.

Dr De Kock said that preliminary estimates pointed to a substantially larger current account surplus in the second quarter of 1986 than the seasonally adjusted, annualised surplus of R1.8bn between January and March. However, the Reserve Bank's foreign currency reserves have not risen, indicating heavier pressure on the capital account.

Continued on Back Page

Thatcher seeks to avoid open clash at mini-summit

BY PETER RIDDELL AND ROBERT MAUTHNER

EFFORTS are being made to avoid a damaging split in the Commonwealth over sanctions against South Africa at the Commonwealth mini-summit, which opens in London tomorrow.

Signs last night were that Mrs Thatcher and most of the other six leaders due to attend the meeting would seek to avoid an open clash on the issue.

Although her Commonwealth colleagues will certainly press the Prime Minister to commit herself to specific new measures against South Africa, they appear to be prepared in the last resort to defer a final decision until a full summit of all Commonwealth leaders towards the end of next month.

This would allow time for the synchronisation of similar measures now under consideration in the US and the European Community, which are expected to be matched by Japan.

Mr Bernard Wood, the personal representative on South Africa of Mr Brian Mulroney, the Canadian Prime Minister, said in Ottawa yesterday that if Mrs Thatcher gave such a commitment, Commonwealth leaders would be willing to discuss strategy.

The Prime Minister said yesterday that athletes from nations boycotting the Commonwealth Games in Edinburgh should have been left to decide individually whether to take part. Touring the Games village, Mrs Thatcher told England rower Joanna Toch: "It's a great shame all the athletes could not come and I wish they had been left to make up their own minds."

Mr Wood said, however, that it would not be enough for Britain to move "a teeny weeny bit" towards sanctions.

The Cabinet has left Mrs Thatcher and Sir Geoffrey Howe, the Foreign Secretary, a free hand to decide the tactics and timing of any further measures within the broad EEC framework.

The mandate given to the Foreign Secretary by his European Community colleagues to promote a dialogue between the South African Government and the country's black leaders does not run out until late September. He is expected to report to a meeting of the EEC Foreign Ministers on the outcome of his mission on September 15 and 16.

Britain's willingness to take some kind of action, in spite of Mrs Thatcher's strong opposition to comprehensive economic sanctions, was indicated by Mr Norman Tebbit, the Conservative Party chairman, yesterday.

He said: "I am sure that, in concert with our European partners, there is a possibility of other things we could do to indicate our concern and our disapproval of the policies that are being pursued in South Africa."

The desire to avoid a showdown was also stressed by Sir Lynden Pindling, Prime Minister of the Bahamas, who will chair the London meeting, and Indian, Canadian and Australian officials.

"The most effective way of imposing sanctions would be to have maximum support of all the countries in the West. US involvement, European involvement, along with the Commonwealth, will have, I think, the greatest impact on Pretoria."

Mrs Thatcher has already arranged to see Sir Lynden and

Continued on Back Page
Mini-summit to consider sanctions package, and Howe profile, Page 3; Editorial comment, Page 6; Head-to-head over sanctions, Page 7

Berisford sells stake in RHM

BY MARTIN DICKSON

GOODMAN FIELDER, the largest food manufacturer in Australasia, is buying a strategic 14.6 per cent stake in Ranks Hovis McDougall, the British food manufacturer and miller, for £107m from S. & W. Berisford, the commodity trading group which is under threat of a takeover bid.

Mr Pat Goodman, chairman of Goodman Fielder, denied last night that the group had any plans to launch a full bid for Ranks.

"We see this as a long-term investment in a company which is very much a mirror of our own and we are aiming to build an ongoing and very happy relationship," he said.

The stake represents a major expansion outside Australasia by Goodman, which was formed early this year by a merger between two Australian companies—Fielder, Gillespie Davis and Allied Mills—and the New Zealand-based Goodman Group. It has annual sales of about A$1.5bn (£620m) and a market capitalisation of about A$1.2bn.

Goodman is Australia's largest flour miller and leading processor of edible oils, as well as being the region's major bakery group and having a range of grocery products.

Ranks is Britain's second biggest bread baker and a major cereals processor and foods manufacturer. It made pre-tax profits of £71.5m in 1984/85 on turnover of £1.3bn, and taxable profits of £40.2m in the first half of this year.

Mr Goodman said he had advised Sir Peter Reynolds, Ranks' chairman, of the shareholding shortly before this was announced publicly yesterday afternoon. The two would meet next week. He had not yet considered the question of board representation. Ranks had no comment last night.

Goodman is buying its 41.337m shares at 259p a share—well above the prevailing market price—and Rank shares leapt on the news to close last night at 241p, up 30p on the day.

Berisford acquired the stake in 1982 as part of its acquisition of British Sugar, following a prolonged takeover battle. Berisford is the subject of two takeover approaches aimed at securing British Sugar—from Tate & Lyle, the rival UK sugar refiner, and Ferruzzi, the Italian agricultural business. Both are being investigated by the Monopolies Commission.

Berisford said in May it was hoping to reduce its total debt, then estimated at £1.3bn, by £200m-£300m by September through a mixture of property refinancing deals and asset disposals.

There had long been speculation that it might be preparing to sell the Ranks stake. However, it said the initiative for yesterday's deal came from the Australian company. There had not been an auction.

Mr Goodman said he hoped the Ranks stake would help develop his group's trade from Australia—particularly into the EEC—and it might also help promote northern hemisphere products in the Pacific Basin. Ranks' North American operations might also assist Goodman in building a presence in that market.

Textiles trade pact renewed for five years

BY ANTHONY MORETON IN GENEVA

THE MULTI-FIBRE Arrangement, the agreement which regulates a large part of the world's trade in textiles and fibres, has been renewed for five years, despite Chinese reservations, after talks in Geneva which came close to foundering as a result of US pressure for major changes.

The new agreement covers a wider range of fibres, notably ramie, a linen-like fabric, than the old; offers "significantly more favourable" treatment to the least developed countries such as Haiti, the Maldives and Bangladesh; gives "special consideration" to cotton producing countries; and promises action on circumvention.

There is to be international collaboration on false customs declarations of product origins. Wool-producing countries are to receive marginally better treatment, provided wool comprises virtually all their exports but forms a comparatively small part of the importing countries' markets.

Late on Thursday, negotiators from 42 countries and the European Community agreed to stop the clock to prevent the old agreement expiring at midnight with nothing to replace it.

Failure to reach agreement would have added to the problems facing the international trade negotiations due to start on September 15 in Punte del Este, Uruguay, under the General Agrement on Tariffs and Trade.

The MFA falls under the Gatt umbrella, and is the major exception to its free trade principles.

The new agreement was signed yesterday after delegates had been sitting almost continuously for 26 hours, even though the US refused to make other than minor concessions on its original demands.

Those had included inclusion in the MFA of fibres not covered previously, action to prevent sudden surges of imports threatening US domestic industry, and stronger action to prevent circumvention.

President Ronald Reagan had told the US delegation to "aggressively renegotiate" the agreement.

The major dispute was between the US and China over ramie, which has become increasingly important for the US. Last year, 120m sweaters made of it are believed to have been sent there — enough to clothe half the population.

In the event, the US appears to have made a small concession by agreeing that ramie and other natural fibres such as jute and sisal should be subject to bilateral restrictions only if the weight or value of the ramie amounts to more than half that of the garment.

It is on this point that China has tabled its reservation, but it is not clear what would happen if the US insisted on limiting clothes made of ramie and the Chinese refused to accept that limitation.

The US approach succeeded in annoying almost all other participants, who saw its attempts to placate its home industry as being made in the hopes of lessening congressional support for the protectionist Jenkins bill, which returns to the House of Representatives on Wednesday and to the Senate in September.

Nancy Dunne reports from Washington: Mr Clayton Yeutter, US Trade Representative, praised officials for reaching agreement in "extremely difficult negotiations in a tense environment." He denounced as nonsense the complaints of several congressmen that the US had caved in to foreign pressure.

Details, Page 2

EEC and Japan criticise semiconductor agreement

BY TIM DICKSON IN BRUSSELS AND CARLA RAPOPORT IN TOKYO

THE US-Japan agreement on semiconductors made a bumpy start yesterday. Japanese industry executives and government officials said the "fair market values" set by the US for certain types of chips were unreasonable and inconsistent.

The pact was also criticised in Brussels. The European Commission, concerned at the deal's impact on European chip prices and manufacturers, said it might take action under the General Agreement on Tariffs and Trade (Gatt).

Under the agreement, completed this week, the US Department of Commerce has assigned each leading Japanese chip exporter with new market prices for 64k to 1 megabit dynamic random access memory, and Eprom (electrically-programmable read-only memory) chips. Six other product categories will be covered by a separate price monitoring agreement.

The Japanese executives and officials said that in the case of

Continued on Back Page

WEEKEND FT

BERLIN GAMES

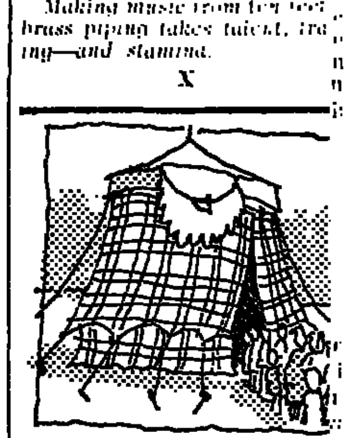
Fifty years ago, sport and politics collided wildly in the Berlin Olympics. But when Hitler's mad dreams founder sport—in the end—prevail.

I

FRENCH HORN

Making music from ten feet of brass piping takes talent, training—and stamina.

X



EDINBURGH

FT critics preview the highlights at the 40th international arts festival.

XIII

WORLD CHESS

In London this week, Karpov and Kasparov settled down to another deadly encounter.

XIV

CONTENTS

OVERSEAS NEWS

West urged to absorb surpluses of debtor nations

BY PAUL BETTS IN PARIS

MAJOR western industrialised countries such as West Germany and Japan will have to absorb an increasing share of the visible trade surpluses of developing countries if these heavily indebted nations are to meet their interest payments.

This is one of the main conclusions of the Organisation for Economic Co-operation and Development (OECD) annual survey on the debt situation of developing countries published yesterday.

The report, however, notes with concern that the visible trade surpluses which OECD countries will have to absorb to relieve the debt problems of developing countries will in turn compound the severe payments imbalances already existing in many Western countries.

It adds that given the magnitude of the US trade deficit, it will be up to the other major OECD countries such as West Germany and Japan, among them, to make greater room for the trade surpluses of developing countries.

The current annual interest payments of the 15 Baker Plan debtor countries total about *$40bn (£27bn)* compared with $12bn eight years ago. The visible trade surpluses of these 15 countries was of similar size last year and the OECD expects them to total about $30bn both this year and next.

Highlighting the dilemma of the debt crisis for developing countries, the OECD survey shows that the trade balance of all capital importing developing countries has swung into balance from a deficit of $40bn at the end of the 1970s.

But the Paris agency adds that there is now general agreement that major debtor countries must continue to boost export growth if they are to service their debts.

In turn, this implies that *exports from developing countries* will have to be considerably higher than imports for several years to come.

On the positive side, the OECD notes that an increasing number of debtor-countries now recognise that the real cure to their debt problems lies in efficient government and economic adjustment.

The survey also suggests that for the first time since 1981 there is likely to be a modest increase in private financial flows and export credits to developing countries both this year and next year, reversing the sharp decline in private lending started five years ago. It adds that financial flows to developing countries are now beginning to consolidate.

Official development flows including concessional and non-concessional aid however will continue to contribute the bulk of total finance. Official development finance accounted for 60 per cent of total net financial flows to developing countries last year compared with 35 per cent in 1980 and 46 per cent in 1970.

The survey shows that the slowdown in growth of the external debt of developing countries in recent years was obscured in 1985-86 by the fall in the US dollar exchange rate which boosted the value of non-dollar debt stocks. Currency valuation adjustments accounted for $55bn out of a total $88bn rise in nominal debt stocks last year, leaving a real increase in debt of $33bn or only 3 per cent.

Plants shut down in USX steel strike

By Terry Dodsworth in New York

THE BLAST furnaces were shut down and the picket lines went up on steel plants across the US yesterday, as 21,000 members of the United Steelworkers' Union (USW) came out on strike at USX, the US's largest steel company.

After seven weeks of negotiations which have been marked by intransigence on both sides, the USW made an eleventh-hour bid to keep the talks open late on Thursday night, but was brusquely rebuffed by the company.

The proposal to continue discussions while working on under the current contract was, the company claimed, a transparent attempt "to convert the coming strike by the United Steelworkers into a legal fiction of lockout, thus aiding union member claims for unemployment compensation."

By early yesterday, the company said it had shut down all its steelmaking plants—the first time this had happened at the company since 1959, when USX (then called US Steel), was the target of a 116-day walkout that brought both sides to their knees

Analysts believe that the current dispute, caused by the company's determination to reduce wages and benefits by about $3.30 an hour from $25.20 an hour, could be as traumatic for the union and the company as the 195A dispute.

Yesterday, with both sides dug into apparently fixed positions, there were no further talks planned, and Wall Street knocked back USX's already depressed share price by another *$½ to only $15¾*.

News cartel plan dropped

SEVERAL European broadcasting organisations have dropped plans to set up a cartel for supplying news items to third parties after objections from the European Commission, the Commission said yesterday, **Reuter reports from Brussels.**

The organisations, grouped in the European Broadcasting Union, had planned to fix joint rates and conditions for use of *television news spots* taken from their network by third parties.

"This would have restricted competition within the Common Market since intending purchasers would no longer have been able to negotiate separately with individual broadcasters but only with their group," the Commission said.

Spanish jobs trend improves

SPAIN'S re-elected Socialist Government has received confirmation of an improved employment trend, but has simultaneosuly run into criticism for allegedly manipulating the jobless figures.

A second-quarter survey by the National Statistics Institute showed a drop of 86,000 in the number of jobless to 2.95m and a rise of 124,000, or more than one per cent, in the total of Spaniards with jobs, the fourth quarterly increase in succession.

As a proportion of the available workforce, the number of unemployed fell back from more than 22 per cent to just under 21.5 per cent.

The new criteria used by the institute for the surv ey showed that in the first quarter, unemployment passed the psychological 3m mark.

The Communist-dominated Workers' Commissions trade union accused the government of "fraud for electoral ends" in delaying the introduction of the new criteria until after the June general election. The figure for the first quarter was originally given as 2.97m.

Anthony Moreton examines the nuts and bolts of yesterday's new textile agreement

Natural fibre content dominates MFA deal

THE MOST important single issue in the extension of the multi-fibre arrangement (MFA), which was signed in Geneva yesterday concerned content.

In future, any garment or fabric whose natural fibre value is over half the total value of the product or whose weight is half the weight of the product, can be subject to quotas provided imports cause market disruption or carry a real risk of doing so.

Natural fibres are taken to be jute, coir, sisal, abaca, maguey and henequen.

There is one exception. Restraints will not be applied to textiles which were internationally traded in commercially significant quantities before 1982, such as bags, sacks, carpet backing, cordage, luggage, mats, mattings and carpets.

The new MFA also agrees that:

● Restraints shall not normally be imposed on exports from small suppliers, new *entrants and least developed* countries;

● If importers have to restrain exports from the least developed countries the treatment accorded them should be significantly more favourable;

● Exporters of cotton textiles from cotton producing exporting countries should be given special consideration;

● On wool safeguard measures should be given to the export needs of countries when considering quota levels, growth rates and flexibility to ensure improved access in the *importing country's market;*

● The participants are to collaborate to reduce false declarations over the quantity and type of textile products presented for import;

● Restraints will not be applied to historically traded textiles which were internationally traded in significant quantities before 1982;

● Priority attention is to be given to sectors of trade such as wool tops;

● International property rights should be dealt with within relevant national laws.

The renewal of the MFA was immediately attacked by Mr Alec Smith, chairman of the TUC textiles committee and general secretary of the National Union of Tailors and Garmentworkers. "It was bad news for *textile and clothing* workers everywhere," he said.

"The negotiators have come up with the worst possible outcome — the formula for job losses in the developed world and even greater exploitation of textile and clothing workers in the low wage nations."

He forecast *90,000* jobs would be lost in the British textile and clothing industries by 1990 as a result of the MFA.

Egypt set to ask Bush for more cash aid

BY TONY WALKER IN CAIRO

MR GEORGE BUSH, the US vice president, arrives in Egypt this weekend at the start of a four-day visit which seems certain to be dominated by Egyptian calls for financial help in the face of a disastrous slump in foreign exchange earnings due to the collapse of the oil market.

Egypt wants the US to increase sharply the cash component of its civil aid appropriation which amounts this year to $850m (£570m) most of it committed to development assistance projects. Egypt is asking that the cash provided be raised from $150m to $500m.

Cairo is also seeking US help in its application to the International Monetary Fund (IMF) for balance of payments support totalling about $1bn. The semi-official al-Ahram newspaper urged yesterday that Egypt be granted the same "flexible and non-conventional" IMF terms as *Mexico.*

The IMF is providing Mexico $1.6bn over the next 18 months in return for Mexican agreement to reduce gradually its budget deficit and privatise some of its state corporations. Absent from the IMF package from Mexico are the normal *tough requirements of a big* currency devaluation and sharp restrictions on domestic credit.

The US is studying a number of options to assist Egypt over its present crisis. Egypt is having particular difficulty meeting repayments on its $4.3bn military debt to the US. *Commitments on the military* debt alone this year total $543.5m.

Among the various options is a proposal by Bankers Trust of the US to refinance the military debt at lower rates of interest and on more flexible terms than presently apply. The average interest rate on Egypt's military debt is 12.01 per cent — well above existing rates which are around 8 per cent.

Egypt's president Hosni Mubarak said in an interview this week with the semi-official magazine al-Mussawar that his talks with Mr Bush were "going to be frank ... in the interests of good relations between the two countries, to avoid repetition of the mistake committed by the US when it withdrew from its financing of the (Aswan) High Dam."

The US refused to help in funding construction of the huge dam in upper Egypt leaving the way open for soviet assistance. Soviet-Egyptian relations prospered during the rule of the late president *Gamal Abdel Nasser in the* 1960s, but soured in the 1970s when President Sadat came to power.

THE US House Appropriations Committee yesterday approved a $12.9bn (£8.7bn) foreign aid bill for 1987 that cuts $2.6bn from President Reagan's request and would sharply reduce assistance for most countries, Reuter reports

The key sponsor of the bill, Mr David Obey, Democrat, said the measure, passed by voice vote, created "agonising choices" *for the Administration.* He blamed the Gramm-Rudman budget balancing law, which mandates spending cuts, for the reductions.

The bill adds funds for **Israel, Egypt and Ireland and protects Pakistan from reductions while reducing the total available for other countries by 32 per cent.**

Mr William Schneider, Under-Secretary of State, has said that if the bill becomes law, it would eliminate aid for Africa and South America and jeopardise negotiations on renewal agreements for overseas bases.

***The bill, expected to come* before the full House within two weeks, would cut this year's aid figure by $1.5bn. It specifies that only $10.6bn of the $12.9bn could actually be spent next year.**

Freddie struts his hour upon the stage

By Jed Marshall, recently in Budapest

FREDDIE MERCURY *is one of* the great figures of rock music. He is also a bit of an introvert. Until he gets on stage. Then he struts and postures like an emigré Russian ballet dancer force-fed on something universally illegal.

The Budapest audience loved Queen's show. "This is the biggest and the best," said Jeno Muellner, general director of Hungary's national stadium, the Nepstadion (People's Stadium). It will not be the last, if the "Nep" audience have anything to do with it.

"We want to come back. If you like us," said Freddie Mercury, between songs. The audience roared.

There were some 80,000 of them, from Hungary, but tickets were also on sale in Czechoslovakia, East Germany, Rumania, Bulgaria and even the Soviet Union.

The 250,000 people who tried to buy tickets and failed will *still be able to see the show.* Three generations of Hungarian film-makers were there to record it.

The director, Janos Zsombolyai, now has 35,000 metres to edit, from 17 cameras, including one in a helicopter. Even with five teams of editors, that is a daunting job.

Mr Zsombolyai is confident he will have the film ready before the completion date of November 15, for release around Christmas.

The film's producer, George Mihaly, claims that Mr Zsombolyai wanted as many cameras as he did because Tina Turner used 15 to film her tour promoting the Private Dancer LP. But he would not confirm that story. He just laughed.

Freddie Mercury says he is not concerned with the politics of the countries where he plays. He says he is concerned only with the people who buy his records.

EMI Music, part of the Thorn-EMI group has lincences all over Eastern Europe, including the Soviet Union. The market is potentially enormous, but record sales fluctuate wildly. It all depends on how much hard currency the individual countries have available.

The audience at the "Nep" had never seen anything like the show that Queen gave them last Sunday night. Freddie Mercury was particularly looking forward to this venue on his European tour, which continues in Spain next week.

When he plays a new country, he says, he can re-use some of the best of his stage ideas from the past 14 years.

One of his tricks during the elaborately staged encores was to stretch a giant Union Jack behind his back. He turned. On the reverse was the Hungarian flag. That brought one of the biggest roars. For the finale, "We are the Champions," he wore a crown and robe.

Showmanship is something Queen has developed into an art. "Freddie tells the audience to sit, and they sit," says Brian May, Queen's lead guitarist.

But the audience didn't quite know how to respond to the teasing. As the light went down for the first time, before a single encore had been played, people actually started leaving the stadium.

A square of blue light hit the stage. There was Roger Taylor behind his drums, grinning like a starving man who's just noticed lunch. The tide turned. Next time Hungary's rock fans should know better.

Yeutter to fly to Brussels in bid to end pasta war

BY TIM DICKSON IN BRUSSELS

MR CLAYTON YEUTTER, the US Trade representative, is flying to Brussels from Washington today in a new bid to settle the transatlantic "pasta war."

Top level talks are planned with the EEC's external relations commissioner Mr Willy De Clercq and are likely to continue until tomorrow morning.

The surprise development is a sign of the Americans' eagerness to sort out the dispute, which first arose last year when the US imposed substantially higher duties on European imports of pasta in return for what it saw as EEC discrimination against its citrus exports. This was caused, the US claims, *by the extensive* network of EEC trade arrangements with Mediterranean countries which provide preferential tarrifs for certain products.

Earlier this week the Community offered a four month "truce" for further negotiations on condition that the US drop its higher pasta duties and the EEC abandon its own retaliatory levies on US walnuts and fresh lemons.

The US, however, is keen to conclude an earlier agreement, believing that there is relatively little separating the two sides.

The indications in Brussels last night, for example, were that the Americans may be ready to find a way of accepting an EEC demand that in return for a better deal on citrus they do not in future challenge the "Mediterranean agreements." *The US, however, will be looking* for a bigger reduction than currently offered in EEC subsidies for pasta.

Opec unlikely to agree accord on output quotas

BY RICHARD JOHNS IN GENEVA

THE Organisation of Petroleum Exporting Countries (Opec) looked last night as if it had little chance of concluding a convincing accord on output quotas at its meeting here and that it might have to postpone discussions on the issue yet again.

"I think there's a long way to go," said Dr Mana Otaiba, United Arab Emirates Minister of Petroleum, before last evening's full ministerial session began on the fifth day of the *conference.*

Asked whether it would take months to reach an agreement he replied: "Maybe more."

Dr Otaiba seemed to be summing up the general pessimism and unwillingness to compromise, despite falling oil prices which are putting an almost unbearable squeeze on most of the 13 member states.

An ad hoc committee, established to work on an acceptable formula, was enlarged yesterday to include five ministers in all—the chief delegates of Nigeria, Indonesia, Equador and Kuwait representing the five regions covered by the membership.

Israeli and Soviet officials to meet soon

By Andrew Whitley in Jerusalem

ISRAELI and Soviet officials are to meet shortly, probably in Europe, in a move that could pave the way towards the *re-establishment of diplomatic* relations broken off by the Soviet Union after the 1967 Middle East war.

Israel's Prime Minister, Mr Shimon Peres, met yesterday with Mr Yitzhak Shamir, his Foreign Minister, as well as senior aides to plan the forthcoming meeting to discuss consular issues, officials said.

According to the state-run Israel Radio, the meeting was sought by the Soviet Union, which has been keen for some time to improve its influence on the Middle East peace process.

Earlier this month, Moscow proposed an international conference on *the Middle East* comprising all five permanent members of the United Nations Security Council, as well as the regional countries concerned.

Among the issues likely to be discussed at the forthcoming meeting are the affairs of the Russian Orthodox Church in Israel, and travel and other communication links.

The Foreign Ministry yesterday played down the significance of the contact with Moscow, possibly out of concern that adverse publicity could prejudice their success.

A reported meeting in Paris last year between the Israeli and Soviet ambassadors provoked much speculation at the time, but was angrily denied by the Soviet Union as having taken place.

Israel is keen to renew diplomatic links with Moscow primarily because of its concern to expedite the emigration of members of the 2m-strong Soviet Jewish community to Israel.

US may rely on private rockets

BY NANCY DUNNE IN WASHINGTON

THE REAGAN Administration, apparently nearing major decisions about the future of the US space programme, is expected to relegate most of the commercial satellite launch business to private industry.

At separate press conferences at the White House and the Pentagon this week, officials outlined parts of the Administration's long-awaited space recovery plan.

Mr Edward Aldridge, the Air Force Secretary, said the Pentagon is planning to shift from reliance on space shuttles to unmanned booster rockets, in an effort to catch up with the backlog of payloads grounded by the Challenger disaster. The explosions of the shuttle and the Titan and Delta rockets this year have set the US space programme back a decade, he said.

Meanwhile, the Air Force is to close its new, never-used $2.8bn (£1.88bn) shuttle facility at Vandenberg Air Force Base in California in order to save $1bn. It will also ask Congress for $2.6bn to expand the fleet of unmanned rockets and redesign some satellites targeted for the shuttle.

Mr Larry Speakes, the White House spokesman, said that President Reagan's advisers have recommended that the space shuttle be used only for major scientific missions and critical military cargoes, leaving commercial payloads to a new private, space-launching industry.

The three remaining shuttles would limit their flights to about three a year

Democrats in drive to stop Rehnquist nomination

BY REGINALD DALE, US EDITOR IN WASHINGTON

SENATE Democrats yesterday launched a final drive to try to stop the nomination of conservative Mr William Rehnquist as the next Chief Justice of the US Supreme Court, the nation's final arbiter of constitutional and legal disputes.

As the hearings on *Mr Rehnquist entered their final* day in the Senate judiciary committee, the Democrats called a string of witnesses to back their claims that he has shown insensitivity to the rights of women and minorities.

It was not expected, however, that they would be able to thwart approval of the man whom President Ronald Reagan has chosen as a symbol of the country's social conscience.

This week's proceedings have reopened a number of controversies that have dogged Mr Rehnquist since his earlier confirmation hearings on appointment as an associate justice in 1971, and added a few new ones.

He has been accused of harassing black voters in the 1960s by challenging their literacy, of holding reactionary views about women, and of signing property contracts that contained clauses discriminating against Jews and non-whites as future purchasers of his homes.

On Thursday night, the White House fuelled the controversy by invoking executive privilege to prevent the release of internal Justice Department memos written by Mr Rehnquist during the Nixon Administration, when he has been described as acting virtually as Mr Nixon's private lawyer.

Democratic Senator Edward *Kennedy of Massachusetts, im*mediately charged that the White House must have "somethings to hide."

But Republican Senator Orrin Hatch of Utah retorted that the Democrats were engaged in no more than a "fishing expedition."

"They really don't have anything to stop the nominee," he said.

EEC protest marks tougher line on Chile

By Robert Graham

THE European Community yesterday protested to the Chilean Government over General Augusto Pinochet's continued refusal to open talks with the country's democratic opposition.

The written protest marks the beginning of a tougher attitude by the Community towards the Pinochet dictatorship and comes at a time when the US Administration is also voicing concern over the persistence of human rights abuses in Chile.

The protest was made by the British Government in its capacity as president of the EEC Council of Ministers. It was handed to Mr Jaime del Valle, the Chilean Foreign Minister, in Santiago by the British ambassador and to the Chilean ambassador in London

The note regretted Gen Pinochet's refusal to accept dialogue with the democratic opposition and further "deeply regretted" the deaths and repression connected with the protests of July 2 and 3.

Leslie Colitt reflects on a concrete monstrosity no inhabitant of a divided city can forget

Berlin Wall remains a stark reminder of two ways of life

WEST BERLINERS are seldom concious of the Wall in their daily lives, they have become so inured to it in the 25 years since it was built, the anniversary which will be marked on August 13.

Most West Berliners see the Wall only when entering East Berlin through one of the crossing points — which relatively few of them do — or driving to West Germany 180km away.

A small minority of West Berliners actually live within sight of the 111 km-long concrete monstrosity encircling West Berlin. Along with another 56 km of metal screen fence, it seals off the city from East Berlin and East Germany.

East Berliners also rarely go out of their way to see the Wall but they can never forget it is there. East Berlin teenagers have visions of the far-off day when they will become pensioners and finally are allowed through the Wall to visit the West.

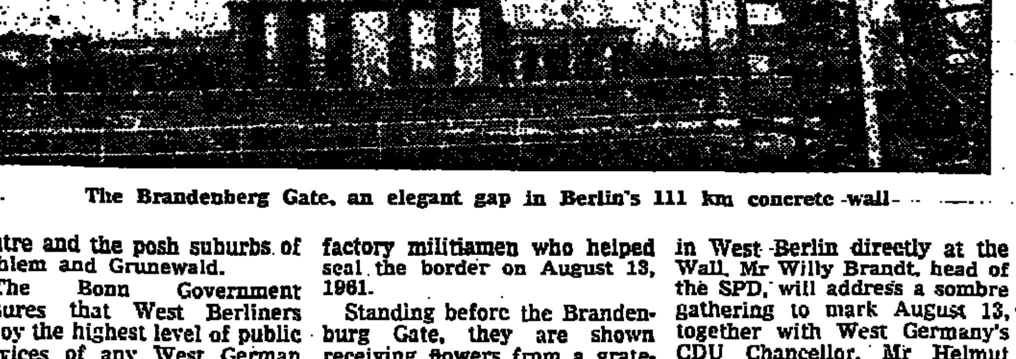
In order to physically underscore East Berlin's role as the capital of the German Democratic Republic, the East German leadership is pouring im-

East Berliners are better house and better supplied with consumer goods than any other East Germans, but they remain addicted to West German television, avidly following everything from the news to commercials.

Since 1961, West Berliners have become West Germany's most pampered citizens. Successive Social Democrat (SPD) and Christian Democrat (CDU) governments in Bonn have vied to demonstrate their allegiance to Berlin and to the goal of German reunification by plying West Berliners with a cornucopia of riches.

West Berliners enjoy 30 per cent lower personal income taxes than West Germans while employees get a tax-free 8 per cent monthly wage bonus for simply remaining in the city. Wages and salaries in West Berlin, which is top heavy with public-sector jobs, are among the highest in West Germany.

The enormous investment incentives and tax benefits to lure industry and commerce to the city go far to explain the armada of luxury yachts on West Berlin's lakes and the



The Brandenberg Gate, an elegant gap in Berlin's 111 km concrete wall

centre and the posh suburbs of Dahlem and Grunewald.

The Bonn Government ensures that West Berliners enjoy the highest level of public services of any West German city by paying 52 per cent of West Berlin's budget, DM 11.7bn (£3bn) this year. The government's support is essential as the West's showcase city is not viable without huge financial aid and outside investments.

East Germany to mark the

factory militiamen who helped seal the border on August 13, 1961.

Standing before the Brandenburg Gate, they are shown receiving flowers from a grateful member of the Free German Youth organisation. The stamp is inscribed "25 years of the Anti-Fascist Defence Wall."

A parade of factory militamen is to be held on August 13 along with speeches claiming the Wall saved peace in Europe

in West Berlin directly at the Wall, Mr Willy Brandt, head of the SPD, will address a sombre gathering to mark August 13, together with West Germany's CDU Chancellor, Mr Helmut Kohl, who speaks of Berlin and the *divided German* "Vaterland" with missionary fervour.

As Chancellor until 1974, Mr Brandt's policy of dialogue with East Germany and the Soviet Union—at first bitterly opposed by the CDU then

for West Berliners such as the Four Power Berlin Agreement of 1971, which guaranteed the transit routes to West Berlin and restored access by West Berliners to East Berlin and East Germany.

Easterners have had to wait much longer for the benefits which have only now begun to emerge.

In the first half of this year, 86,000 East Berliners and East Germans below retirement age were able to visit relatives and friends in West Berlin and West Germany compared with only 31,000 in the same period last year. It was the first sizeable westward flow of younger visitors from the East since the Wall was erected to halt the flight of East Germans to West Berlin.

As in the months before August 13 1961, West Berlin is *again being inundated by* refugees. This time, though, they are political asylum seekers from the Third World who are attracted by West Germany's liberal asylum law.

The East German authorities

Berlin after their arrival at Schoenefeld airport on Soviet and East German airline flights.

The refugees, from Lebanon, Iran and Ghana, are expedited through the controls to commuter trains bound *for West* Berlin.

East Germany has turned a deaf ear to repeated West German demands that it stop the refugee flow. It ominously warned CDU politicians who called for retaliatory trade sanctions against East Germany that its response would be to clamp down on civilian traffic on the land routes to West Berlin.

The East German Government wants the three Western Allies in West Berlin to introduce border controls on their side of the Wall in Berlin.

This would underscore East Germany's position that the Wall is an international frontier *between the two German states* and not merely a sector border through a temporarily divided Berlin.

The Western Allies, however, appear determined not to do anything which would alter the

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OVERSEAS NEWS

Mini-summit to consider four packages of sanctions

BY MICHAEL HOLMAN IN LONDON AND TIM DICKSON IN BRUSSELS

THE COMMONWEALTH
MINI-SUMMIT

AS COMMONWEALTH leaders start arriving in London for the mini-summit on South Africa, a major effort is under way to co-ordinate the imposition of an agreed set of fresh sanctions against Pretoria.

The precise nature of the new measures have yet to be determined, but four packages are under consideration and the target date for agreement, say officials involved, is mid-September.

The seven Commonwealth leaders will first consider the list of new moves drawn up at their full summit in Nassau last October.

But they will also want to take account of the commitment made by the EEC last June to consult other industrialised countries, including the US and Japan, about the imposition of a ban on new investment in South Africa, and the import of coal, iron, steel and gold coins from the republic.

They must also take into account two developments in the US. Due for renewal on September 9 is the executive order by President Reagan which imposed a series of limited sanctions last September, including bans on computer exports to law enforcement agencies, nuclear technology exports, Krugerrand imports, loans (except for projects benefiting all races) and export assistance to any US company employing more than 25 in South Africa which does not adhere to fair employment principles.

The second development is the growing Congressional pressure for much toughter, new measures, taking the form of a bill passed last night by the US Senate Foreign Relations Committee.

The main elements in this package include a ban on imports of South African steel, uranium, cement and aluminium, the withdrawal of US landing rights from South African Airways and a ban on US travel visas for employees of the South African Government and government-controlled industries.

The Democratic-controlled House of Representatives has already passed a bill which would cut nearly all US commercial links with South Africa.

President Reagan may well attempt to defuse Congressional pressure by adding other measures to his executive order when it comes up for renewal, but stopping short of what are termed punitive economic sanctions.

On the European front, the Commonwealth leaders will be aware of two important dates in the sanctions timetable. On September 6 and 7, there will be an informal meeting of EEC foreign ministers in London to assess the outcome of Sir Geoffrey Howe's two visits to southern Africa, part of the EEC's attempt to instigate negotiations between black and white in the republic.

This meeting precedes the formal session of foreign ministers of the Community on September 15 and 16, at which the EEC will have to make a decision on what new measures to introduce against South Africa.

One further date in September — the 23rd — serves to concentrate the minds of all involved. It marks the opening of the UN General Assembly, which Sir Geoffrey will attend, and at which South Africa will be high on the agenda.

THE NASSAU PACKAGE

COMMONWEALTH leaders at last October's Nassau summit agreed to "consider" the following measures against South Africa if, after six months, Pretoria failed to start negotiations with black leaders to dismantle apartheid:

- A ban on air links with South Africa.
- A ban on new investment or reinvestment of profits earned in South Africa.
- A ban on the import of agricultural products from South Africa.
- The end of double taxation agreements with South Africa.
- The end of government assistance to, investment in, and trade with South Africa.
- A ban on government procurement in South Africa.
- A ban on government contracts with majority-owned South African companies.
- A ban on the promotion of tourism to South Africa.

The leaders also agreed that should these measures "fail to produce results within a reasonable period, further effective measures will have to be considered."

Robert Mauthner profiles Sir Geoffrey Howe

The first 'punch ball' diplomat

SIR GEOFFREY HOWE, the Foreign Secretary, who returned this week from his mission to South Africa bruised but unbowed, has started what may be described as a new type of "punch-ball" diplomacy.

Contrary to all expectations, it has earned him considerable admiration and respect, even from those who have been hitting out at him.

The technique, which all boxers will recognise, consists of bouncing back smiling when hit, as if nothing, or very little has happened, and thus disconcerting the adversary who thought he had delivered a knock-out punch.

It is not a tactic which met with the approval of every member of Sir Geoffrey's entourage on his abortive mission to Southern Africa.

When President Kenneth Kaunda of Zambia delivered his second tirade against Mrs Thatcher's government within three weeks in front of the assembled press corps accompanying Sir Geoffrey, there were some who felt he should have walked out.

Even though the emotional President Kaunda prefaced his remarks by saying that Sir Geoffrey was welcome "as a human being," to hear one's government publicly accused of "kissing apartheid" is the kind of outrageous remark which would have made most other statesmen lose their temper.

Certainly, if a French Foreign Minister had been at the receiving end of such an intemperate outburst, he would have stamped out of the room mouthing dark threats about the consequences of "insulting the dignity of France."

That, however, is not Sir Geoffrey's style. Apart from putting it on record in sharp, but nevertheless restrained language, that his critics are wrong, Sir Geoffrey eschews like the plague what he himself describes as "an escalation of public rhetoric."

Endowed with an unusual amount of patience, as well as imaginative insight, Sir Geoffrey finds little difficulty in understanding what is bothering his interlocutors.

"You've got to understand the chap," he seems to be saying. "It is hardly surprising that he has become frustrated at the lack of progress towards ending apartheid in South Africa.

"He's not really annoyed with us, but with President Reagan for adopting such an uncompromising anti-sanctions position. The presence of the international press gives him a chance to let off steam. The whole thing is not serious, so let's get down to business."

The Union Flag may emerge from such incidents in slightly limp condition, but it can hardly be denied that Sir Geoffrey's tactics have proved to be more constructive than the retaliatory fireworks advocated by some.

After President Kaunda's theatricals, the two men apparently got down to perfectly friendly discussions in spite of their obvious differences over sanctions. To have shown undue sensitivity to Mr Kaunda's outburst probably would have led to the cancellation of the meeting.

There was, too, some very "plain speaking" between Sir Geoffrey and President P. W. Botha. Much of it came from the South African leader, judging by the shooting from the hip he indulged in at his final press conference. Sir Geoffrey was told that South Africa would brook no interference in its internal affairs and other "home truths" of that ilk.

Yet at the end of it all, the Foreign Secretary was seen in animated and apparently amicable conversation with Mr Pik Botha, the South African Foreign Minister, in the airport lounge before his departure for London.

Unsnubbable and unflappable, Sir Geoffrey has come out of the whole affair with a great deal more dignity than those who felt that the only way to make their point was with a sledge-hammer.

It may not be everybody's way of doing things, but at least the Foreign Secretary has the satisfaction of knowing that no stone has been left unturned to achieve his objective of promoting a dialogue between whites and blacks in South Africa.

If he has failed, it is because diplomacy itself has its limits as a tool of policy, however skilfully it is practised.

Black teachers win equality on pay

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH AFRICAN Government is to remove a key element of discrimination in the country's segregated education system by introducing full wage parity between black and white teachers from December 1.

Dr Gerrit Viljoen, the Minister of Education and Development Aid, said yesterday the salaries of about 81,000 black teachers would be raised by one or two salary notches in the final stage of a three-year plan to equalise pay among different race groups.

The pay scales of 20,000 more highly qualified teachers reached parity with whites last October.

An official of the Department of Education and Training, which administers black education, estimated that the salary of a relatively poorly qualified black teacher had risen by an average of R400-R500 (£105-£130) a month in the past three years. He refused to disclose precise pay scales.

The new rules mean that all teachers with the same qualifications will receive the same pay. However, black teachers generally have far lower qualifications than their white counterparts.

Unions urge pact on economic measures

BY CHARLES LEADBEATER, LABOUR STAFF

COMMONWEALTH HEADS of government should sign an agreement to impose immediately comprehensive mandatory economic sanctions on South Africa, the Commonwealth Trade Union Council said yesterday at the end of its emergency meeting in London.

The CTUC, which brings together national trade union bodies in 40 Commonwealth countries, representing 30m workers, called for a ban on air links, new investment, and imports of South African agricultural products.

Imports into Commonwealth countries of South African coal and steel, as well as gold and key minerals such as uranium, should also be banned, the CTUC said.

CTUC's chairwoman, Mrs Shirley Carr, a Canadian, said the unions recognised that full sanctions would cause grave hardship in the front line states bordering South Africa.

She called on Commonwealth leaders to establish a special fund to assist these states, and a committe to oversee the operation of sanctions.

"It is not just the future of South Africa that is at stake, it is also the future of the Commonwealth. It is an important force and we do not want to see it break up," she said.

Mrs Carr revealed she had written to the Queen some weeks ago to express the CTUC's belief that the position of Britain's Prime Minister, Mrs Margaret Thatcher, on sanctions was straining the unity of the Commonwealth.

Mrs Thatcher, who has not found time to meet the union leaders, was singled out for special criticism by the CTUC's steering committee.

The British Government's position will crucially affect the effectiveness of economic measures against South Africa, the CTUC says in a memorandum submitted to the heads of Government meeting in London.

Mr Chris Dalamni, vice-president of the Congress of South African Trade Unions, said: "Our members reject Mrs Thatcher's argument that sanctions will do more harm than good for black workers. Suffering sanctions will not be worse than apartheid."

The CTUC also published a list of 324 trade unionists detained in South Africa under the state of emergency.

Unions leaders said they would seek to find out how many of the detainees were employees of subsidiaries or associates of Commonwealth companies. Unions hope to enlist the companies' help to secure the detainees' release.

Mrs Thatcher—under growing pressure

Should Commonwealth leaders not agree a full package of sanctions, the CTUC will urge national unions to step up their own boycotts of South African goods.

Bernard Simon adds: Mr Piet du Plessis, South African Manpower Minister, has reaffirmed the Government's intention to expel large numbers of foreign black workers if sanctions are applied against Pretoria.

Strong action would be taken against 1.5m people from neighbouring states working illegally in South Africa, and against their employers, he warned.

Wages in South Africa

IN AN article published on June 16 dealing with wages in South Africa, the minimum monthly rate of R525 was wrongly converted to £72, using the financial rand exchange rate. The commercial rate should have been used for the conversion, giving a sterling equivalent of £135.

UK NEWS

ICL launches deal with US work station supplier

BY DAVID THOMAS

ICL, the largest British-owned computer company, is collaborating with Sun Microsystems, a US technical computing company based in Silicon Valley, in the fast-growing market for technical work stations. They are used by engineers, scientists and other professionals for complex graphics and calculations.

Sun Microsystems will provide the hardware and some software, while ICL will enhance the software. The joint venture will be aimed at market segments in which ICL is strong, such as computer integrated manufacturing and public administration.

The move reflects ICL's determination to concentrate more on computer services to complement its hardware production, as well as its strategy of developing specific market segments.

ICL recently announced a joint venture in managed data networks with Mercury Communications, the Cable and Wireless subsidiary, which was another example of ICL seeking joint ventures to market computer services.

Sun Microsystems, founded in 1982, is the second-largest company in the market for technical work stations, with almost 20,000 machines installed worldwide.

This week it announced profits for the last financial year of $11.9m (£8m) on a turnover of $210m, a turnover almost double that of the previous year.

Mr Darryl Barbe, Sun Microsystems vice-president, said yesterday that he welcomed participation with ICL because ICL was strong in certain market segments and had sales in more than 70 countries.

The two companies estimate that the deal will generate more than £40m in sales over the next three years for Sun Microsystems.

Sun Microsystems has arrangements with about 75 companies worldwide similar to the one it has made with ICL.

Under the deal, ICL and Sun Microsystems will offer so-called "INIX-based" technical work stations. The UNIX system is derived from an American Telephone & Telegraph operating system which several companies have adopted as a standard.

ICL will phase out supply of work stations provided by Perq Systems of the US, which it has been distributing since 1982, though it will honour existing orders an dservice agreements.

Mr Asa Lanum, ICL director of applied systems, said: "The new arrangement will give our customers even greater graphics capabilities with all the advantages offered by UNI&."

Some industry analysts estimate that the market for technical workstations could more than double by the end of the decade.

Mr Lanum added: "The combination of Sun, with its well-recognised technical lead in advanced technical workstation design, and ICL, with its outstanding systems expertise in key industry markets, will prove unbeatable."

BA cuts flight time to Sydney

By Our Aerospace Correspondent

BRITISH AIRWAYS is to introduce a one-stop service between London and Sydney from October 29, calling at Bangkok, thanks to updating of its aircraft. BA flights to and from Sydney currently make two stops.

The eastbound journey to Sydney will take 21 hours 15 minutes, 35 minutes quicker than the fastest service by Qantas. The return flight will take 23 hours 40 minutes, 20 minutes faster than the best time by Cathay Pacific via Hong Kong.

Other faster flights between South-east Asia and the Far East are expected after the installation of improved D4 versions of the Rolls-Royce RB-211-524 engines in 12 of BA's 747 Jumbo jets.

These advance engines give better fuel consumption and greater speed, as well as more range than earlier versions of the RB-211.

Non-stop flights between London and Singapore and Hong Kong will also become possible. BA is spending more than £100m on the engines, which will save £13m a year in fuel bills, Mr Colin Marshall, BA's chief executive, said.

- British Caledonian Airways, the independent airline, has asked the Civil Aviation Authority for rights to fly a daily One-Eleven service between Gatwick and Aberdeen.
- Continental Airlines of the US plans non-stop flights between London and Denver, Colorado. Subject to US Government approval, Continental hopes to start the route in the spring.

Attack on plan for doorstep pension sales

By Clive Wolman

PROPOSALS that would permit door-to-door salesmen to try to persuade employees to leave company pension schemes and take out personal pension contracts have been strongly criticised by the Consumers' Association.

Mrs Rosemary McRobert, deputy director, said yesterday that the association was appalled by the rules published on Thursday by the nascent City regulatory bodies, the Securities and Investments Board (SIB) and the Marketing of Investments Board Organising Committee (MIBOC). The rules which regulate unsolicited ("cold") calling by salesmen applied originally only to life assurance and unit trusts. Other investments, such as shares, may not be sold by cold calling.

But under the Social Security Act which has just become law, individuals are to be given much greater freedom to take out personal pensions and SIB decided that they could be sold by door-to-door salesmen in the same way as unit trusts and life assurance.

"It would be hard to think of a more inappropriate way to get people to make a decision about an important provision for their future," said Mrs McRobert.

The association fears that people will be pressurised into agreeing to take out a personal pension contract on their doorsteps without having time to consider all the consequences. Although the rules will permit the customer to cancel such a contract without penalty within 14 days, this will not normally give them enough time to find out the value of the benefits from the occupational pension scheme they would be losing.

Although the association also opposes cold-calling for unit trusts and life assurance, it believes that cold-calling for personal pensions would be

Rosyth dockyard contract sought by three bidders

FINANCIAL TIMES REPORTER

MANAGEMENT of the Ministry of Defence's naval dockyard at Rosyth, Scotland, is due for transfer to private hands in April next year.

The ministry said yesterday, the official deadline, that it had received three formal bids for the seven-year commercial management contract on offer. They would be evaluated during the next few months and the successful company or partnership would be named in December.

The winner would then be granted immediate access to familiarise itself with the yard before vesting day on April 6, 1987.

The bids under consideration came from a partnership of Babcock International and Thorn EMI Electronics, another consortium offer from Balfour Beatty, and Weir Group, and a single-handed offer from Press Offshore.

The official notification and the passing of the deadline ended suggestions that the existing management and other companies seeking partners might compete with the three front-runners named yesterday.

Last month, Brown and Root (UK)—a subsidiary of a US company, Halliburton—entered the bidding for the contract to run the Ministry's other yard at Devonport in the south-west. Foster Wheeler, another US company, is also in the auction, with the existing management team.

The Government's controversial proposals to privatise the management of the yards received a setback in May when a consortium led by Trafalgar House pulled out of the Devonport bidding, saying the venture would not be commercial.

The two dockyards carry out about £500m worth of naval refitting annually. They employ almost 20,000 people, mostly at Devonport.

Airports Authority status changes ready for sale

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH Airports Authority, which is to be privatised in the first half of next year, has become BAA plc as the first step in its privatisation. It becomes the holding company for its seven airports, each of which in turn is restructured as a limited liability company.

BAA plc said yesterday that it would control four companies—Heathrow Airport Ltd, Gatwick Airport Ltd, Stansted Airport Ltd and Scottish Airports Ltd.

Scottish Airports would control Aberdeen, Edinburgh, Glasgow and Prestwick airports, each of which becomes a limited liability company.

On the board of BAA plc are Sir Norman Payne, chairman; Mr J. E. Boyd, deputy chairman (and part-time chairman of Scottish Airports); Mr John Mulkern; Mr H. G. Ashton; Mr J. M. Drinkwater; Mr D. M. G. King, Mr W. C. Shaw; and Mr Sidney Weighell.

All the activities of each airport will be the responsibility of the individual airport company. BAA plc will retain overall control but will be involved mainly with financial, strategic and policy issues, with its own separate office near Victoria in London.

The precise date at which BAA plc will be floated on the Stock Exchange has not yet been fixed, nor has the issue price and the amount it is intended to raise.

The amount suggested so far has been about £500m but is believed that the continued profitability of the airports may push the price much higher.

In the year to last March 31, the Airports Authority (as it then was) earned a pre-tax profit of £76m, a rise of 18.6 per cent over the previous year.

Greenpeace urges ban on kangaroo skin imports

By Feona McEwan

PRESSURE is mounting for a ban on the import into Europe of kangaroo skins for sports shoes in order to stop the slaughter of the animals in Australia.

Greenpeace, the environmental group, has called for an EEC ban on kangaroo products. It says the killing of kangaroos is one of the world's largest slaughters of wildlife. ... ...

Europe is the largest buyer of the animal skins — particularly Italy, France, West Germany and the UK—taking exports. The skins are used mostly for football boots and running shoes. In 1985, 2m kangaroos were killed, legally and illegally, and 1m skins were exported.

Conservationists say kangaroo culling — conducted each year with government approval — is indiscriminate, excessive, unnecessary and aften extremely cruel. The animals are not yet an endangered species, but could become so.

The Australian authorities allow the killing on the grounds that the kangaroo is a pest, destroying crops and threatening the livelihood of the nation's many farmers.

Each year a quota is set for the cull — this year's is 2.7m —and since 1977 17m animals have been commercially slaughtered.

Greenpeace argues that market forces are dictating the numbers killed and says there is little evidence about how much kangaroos damage crops. Australian states involved in the cull are not required to justify their quotas, and most of the killing ocurs on uncultivated land.

Furthermore, Greenpeace says 195,000 more animals have been killed than the quotas allow over the past three years and no disciplinary action has been taken.

Controls in such a large country are almost impossible to enforce. There are 160 Wildlife Service field offiers policing the one third of the country where killings take place. On average, each officer is responsible for an area half the size of Belgium.

A recent RSPCA report in Australia found evidence of cruelty. Many kangaroos are not shot cleanly in the head and have to be clubbed to death. Baby kangaroos being carried by their mothers are also clubbed to death.

Greenpeace wants kangaroos to be controlled mostly by methods which do not involve killing,

By lobbying European tanners and manufacturers, it hopes to end demand for skins,

Representations have been made to companies selling kangaroo sports shoes in the UK. These include Diadora (37 models), Lotto (17 models), Adidas (five models), Puma and Converse (two models each), Nike, Stacchini, Mitre and New Balance (one model each).

The response has been mixed. Pledges to stop using kangaroo skins have come from Nike, Lotto (which has been moving more into synthetic materials) and Olympus, one of Europe's largest sports retailers. Garnar Booth, the largest importer of kangaroo skins into the UK has no intentions, "for the moment," of importing more skins. But Adidas in West Germany and New Balance remain unswayed.

Building groups in water venture

BY ANDREW TAYLOR AND PAUL BETTS

TWO OF Europe's biggest construction groups have formed a joint company to provide privately financed and managed treatment and distribution for Britain's publicly-owned water industry.

The joint venture is to go ahead even though plans to privatise the 10 regional water authorities in England and Wales have been postponed by the Government until after the next General Election.

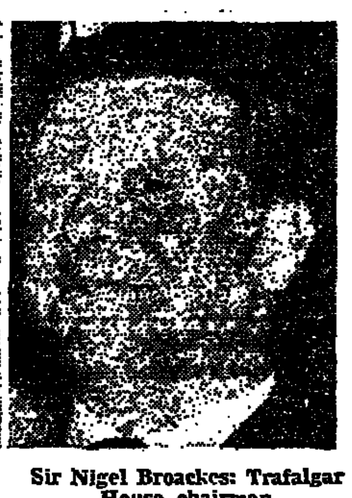
The two companies are Trafalgar House, the British construction, shipping, hotels and property group, and Bouygues, the French group which claims to be the world's biggest construction company.

The new company, Cementation Saur Water Development, is considering several possible developments and hopes to announce its first UK contracts next month.

Cementation, the civil engineering arm of Trafalgar House, said last night that the two companies would also collaborate on water projects in other countries where opportunities existed for private investment.

It said Bouygues would bring to the joint venture experience of running privately-owned water distribution and treatment businesses in France.


Francis Bouygues: head of Bouygues


Sir Nigel Broackes: Trafalgar House chairman

The two companies said they would also be looking to cooperate on other international construction projects outside the water industry.

Bouygues, through its Saur subsidiary, which was acquired three years ago, claims to be the world's third largest private water distribution company.

Trafalgar House has wide experience of building sewage, water treatment and water supply facilities in the UK and overseas. The company is currently working on £40m worth of contracts for the Cairo Waste Water project.

A proposal that the two companies should collaborate on water projects was made before the Government decided, four weeks ago, to postpone its privatisation plans.

Trafalgar House said last night that existing regulations already allowed private companies to finance, develop and operate water supply and treatment facilities for water authorities.

As well as its French interests, Saur is also a leading supplier and operator of water and sewerage services in French-speaking African states. Cementation hopes to build on this and its own experience in international markets, which accounts for nearly half of Trafalgar House's £1.2bn construction order book.

Bouygues and Tralagar House were recently rivals in groups bidding to build a fixed link across the Channel.

Bouygues was a member of the successful Eurotunnel consortium which in January won the mandate to build a 30-mile rail tunnel under the Channel. Trafalgar House was a member of the unsuccessful EuroRoute group whose plans for a bridge and tunnel crossing were rejected by the British and French governments.

Both companies have recently made large acquisitions. Trafalgar House announced in May an £80m agreed bid for John Brown, the loss-making engineering and construction company. Bouygues took control of Screg, France's second largest construction company. The takeover, according to Bouygues, makes it the world's largest construction company.

Ministers step up attacks on Labour's public spending plans

BY PETER RIDDELL, POLITICAL EDITOR

TREASURY MINISTERS yesterday intensified their challenge to Mr Roy Hattersley, the shadow chancellor, over the Labour Party's proposals on public spending.

This came as Mr Merlyn Rees, a former Labour Home Secretary, called for an independent audit of the party's spending plans.

The exchange of letters between the Treasury and Mr Hattersley is intended to put the opposition on the defensive about what is or is not a firm commitment.

The claim by Mr John MacGregor, the Chief Secretary to the Treasury, that Labour's commitments added at least £28bn to public spending was dismissed on Thursday as "increasingly silly" by Mr Hattersley, who said the shadow cabinet had agreed a firm framework for public expenditure.

In a further letter yesterday, Mr Nigel Lawson, the Chancellor, questioned where this firm framework was. He challenged Mr Hattersley: "If you contest our costings of your commitments, let me have the table (setting out Treasury estimates of the details) back with your figures — line by line, programme by programme — and let me know which commitments by your colleagues we should all ignore."

Mr Rees, speaking last night in his Leeds constituency, further stirred the controversy by arguing that Labour should put its prepared policies to the electorate well in advance of the general election. "Where expenditure is concerned, we should put our policy to independent audit. Without that, we will have the current deceit coming from Tory Ministers."

He added, in a radio interview yesterday, that he had long felt that the expenditure proposals of opposition parties should be independently costed by a body of economists and accountants.

He also argued that civil servants should be allowed, and seconded, to advise opposition parties about current realities and the nature of spending commitments. As the election approached, Labour had to say what it was going to do, Mr Rees said.

Heron and Cannon considering wide range of joint ventures

BY RAYMOND SNODDY

HERON INTERNATIONAL, chaired by Mr Gerald Ronson, is exploring the possibility of a wide range of joint-venture and co-operation agreements, from property development to music and video distribution, with Cannon group, the US company which recently acquired Thorn EMI's film interests.

Heron, a large private company, last month said sales had topped £1bn for the first time. Mr Ronson yesterday confirmed that exploratory talks with Cannon on a worldwide cooperation basis were under way. They are believed to be the reason for cancellation at short notice of the launch of a Cannon Classics. video label.

Cannon Classics, 50 videos, mainly from the library bought from Thorn, would have competed directly with Channel 5, the video label launched by Heron and Polygram International this year. Cannon said its launch had been cancelled because of circumstances beyond its control.

The announcement led to speculation that Heron planned to buy Cannon's video business. However, the talks are much more broadly based and involve joint ventures and co-operation rather than outright purchases.

A joint bid by Cannon and Heron for Thorn EMI Screen Entertainment last year was beaten by a management buyout bid of £110m.

When the buyout team failed to raise its finance, ownership passed briefly to the Bond Corporation of Australia which sold the entire division to Cannon for £150m.

Heron has $100m (£67m) invested in more than 50 Cannon films. It has been expanding the film and leisure side of its business.

Holiday company collapses

MANCHESTER tour operator, Sierra Holidays, has collapsed and the 250 people due to travel with them at the weekend were being contacted last night.

The Association of British Travel Agents said a total of 800 with holidays booked with Sierra would be reimbursed and the 500 already on holiday would be brought home when their holidays ended.

Economic slowdown forecast

By George Graham

THE World economy is likely to grow more slowly this year, and acceleration in 1987 could be followed by slower growth in 1988 and 1989, according to the latest forecast from CISI-Wharton, the economic forecasters.

Wharton expects world economic growth to drop to 2.8 per cent this year before picking up to 3.2 per cent in 1987. It would then drop to 2.3 per cent by 1989 as the US economy stagnated in responseto an assault on the federal budget deficit.

This year's slowdown in growth would result from the countries which lost from the oil price collapse cutting their spending with greater urgency than the winners increasing theirs, Wharton said. While there was considerable optimism in the spring about the effects of cheap energy, this had faded.

Oil's further collapse below $10 a barrel — the forecast predicted a rise from $15 this year to $18 in 1988 — would hurt the losers even more, while it was unclear that the winners would react more strongly.

In the UK, gross domestic product would grow by 2 per cent this year, one of the lower forecasts. Wharton saw a pick-up to 2.4 per cent next year and 2.8 per cent in 1988, but a slackening of growth in 1989 in response to stagnation in the US.

While unemployment would remain roughly flat over the next five years, harton saw inflation up again from 3 per cent this year and next to 5 per cent by 1990.

The UK's real problem would be trade, Wharton said. World trade growht would be slow, with the UK likely to suffer particularly because of its vulnerability to the drop in imports by Middle Eastern countries.

In addition, the competitiveness of the UK's exports would suffer from a slight appreciation in the pound's value this year and from continued rising wage costs.

Housing starts show 7% rise

HOUSING starts in the second quarter of this year were 7 per cent higher than in the first three months and 6 per cent up on the same period of 1985.

However, construction of private homes is still outstripping progress in the public sector, according to seasonally adjusted figure published yesterday by the Environment Department.

They show that private starts in the three months to the end of June were up 7 per cent on the first quarter and 8 per cent higher than a year earlier. Completions were up by 2 per cent and 1 per cent respectively.

Public sector starts were up 7 per cent on the previous quarter and 7 per cent lower than in the comparable three months in 1985. Completions fell by 2 per cent and 24 per cent respectively.

Ford to raise prices by 3.7%

By Fiona Thompson

THE PRICE of new Ford cars will go up from August 18, the company said yesterday. The maximum retail price of all models, except the Capri, will rise by an average of 3.7 per cent.

A new Fiesta Popular 950 will cost £4,327.12, compared with £4,201.08. The price includes car tax and VAT.

An Escort 1.3 litre five-door will cost £6,451.66, up from £6,149.98. A Granada 1.8 litre rises to £9,254.96 (£8,999.00), while Granada's Scorpio 2.8 litre four-wheel drive model retails at £19,680.48

Peter Marsh on the problems besetting a leading European scientific work station producer

Whitechapel Computer inches its way to survival

WHITECHAPEL COMPUTER Works, a promising computer company which last month was on the brink of collapse, is inching its way to survival thanks to a last-ditch, £500,000 cash injection from two investment organisations.

The company is one of Europe's leaders in the emerging business of scientific work stations, an area dominated by US concerns. It should achieve a small profit in this financial year on annual sales of about £4.5m, says Mr Bob Haire, managing director.

That would greatly improve on the position earlier in the year when East London-based Whitechapel was hit by heavy cash losses, an ebbing of confidence among customers and a series of acrimonious clashes between the engineers who started Whitechapel and the financial concerns backing the company.

Matters reached a low point early last month when the company, which employs 50, called in the receiver. Newmarket Venture Capital and the Greater London Enterprise Board (GLEB), two of the investment groups which had previously backed the company, then bought the assets for an undisclosed sum and put in place a recovery plan involving the injection of the extra £500,000.

GLEB is a publicly-owned development agency set up by the now-defunct Greater London Council and which now has a reduced role under the control of London's borough councils. It company. It had become involved as part of its brief to aid the regeneration of the capital's economy.

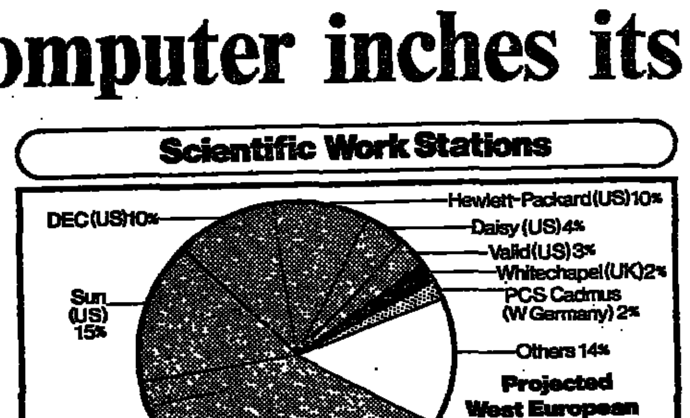
The Whitechapel saga touched a bizarre note last month when one of the company's managers was sent on a 5,000-mile trip to Las Vegas in a vain bid to win the agreement of a key shareholder to a crucial constitutional change.

The saga illustrates many difficulties that small, high-technology UK companies face in establishing themselves in the world market-place.

Whitechapel, launched three years ago, had seemed at one time to be in a good position to dent the US near-monopoly in supply of scientific work stations. These are powerful microcomputers used for jobs such as computer-aided design and creation of advanced software based in artificial intelligence.

Whitechapel's MGI work station sold for £8,000 and attracted customers such as European Silicon Structures, the electronics-design group. I received plaudits for its technology when the product was introduced in 1984. However, there were always doubts about the company's ability to make headway against heavy US competition.

This year, says Computer Application Consultants, a UK research body, Whitechapel is likely to obtain only 2 per cent of the total European market for scientific work stations of about £200m.



area are Apollo, Sun, DEC and Hewlett-Packard, all of the US. The only other European concerncern of note is PCS Cadmus of West Germany.

According to observers the company's difficulties were made no easier by its failure to develop enough marketing and production skills to complement the technical expertise of the computer engineers who founded the concern.

Whitechapel's short history also featured a number of unseemly rows involving its founders and the three investment agencies which have so far put £2.2m into it.

The three bodies included Newmarket and GLEB, the company's current joint owners, and Baillie Gifford, the Scottish banking group.

The company was started in mid-1983 by Mr Tim Eccles and specialists. By the start of 1984 they had recruited four former employees of Logica, the UK computer services concern, to fill top positions, and had finished development of the work station.

Sales went well but in May last year Mr Eccles left the company after a series of personal disputes with the investors and his co-founders. He was replaced as managing director by Mr Mike Cole, one of the former Logica staff members.

The company slipped further into the red, partly because of production problems. Whitechapel, like many small high-tech companies, relied heavily on subcontractors to make its products and has admitted that it failed to manage effectively this part of its operations.

Mr Haire, a former Apple brought in by the investors last September in a bid to stem the losses.

The position improved slightly, and in March, the company reported annual sales of £3.5m for the financial year, showing a less than devastating loss of £500,000. However, later, orders for its machines slipped to 25 a month, from 35 a month in December.

Friends Provident, the insurance company, considered investing a further £900,000 in Whitechapel but withdrew its offer. Whitechapel started a search, which it says is continuing for an industrial partner, probably an established electronics company, which would provide extra cash and management resources in exchange for talking up to 60 per cent of the equity.

Mr Newman, who was the company's technical director, and Mr Cole, who had continued as marketing director, resigned from the board in April after Mr Newman had been accused of attempting to take over the reins of the company, a charge he denies.

Ultimately Newmarket tried to stabilise matters with an offer to put a further £500,000 into Whitechapel on condition the shareholding structure would be altered.

This would have removed the effective veto on large changes in the company, held, as a result of the company's complex constitution, by a series of Class B shareholders, mainly Mr Eccles and Mr Newman.

The episode reached a climax Whitechapel's manufacturing manager, flew to Las Vegas at the start of last month in a bid to persuade Mr Eccles, who was attending a trade exhibition there, to agree to the changes.

Mr Eccles brushed off Mr Christofis, arguing that he had too little time to consider the changes and that the offer-document he was asked to sign contained typographical errors.

In the event Newmarket's offer lapsed on July 4 and the company went into receivership, only to be rescued the following week.

The problems have left a trail of bitterness. Mr Eccles, who is trying to set up a computer company called Tektite, says that by failing to bring in an industrial partner the new management and the investors have ruined the company's prospects. "I'm very cross with them," he said.

Mr Newman and Mr Cole, meanwhile, are starting another venture, a company called Acumen which will specialise in desk-top publishing. Referring to his time with Whitechapel, Mr Newman said: "It has been three years work for nothing."

Whitechapel is now attempting a recovery. According to Mr Haire orders are starting to flow in again and prospects look good. However, he says the company still needs another £2m over 18 months to safeguard its future.

It is talking to four unnamed electronics companies, two from continental Europe and one each from Britain and the US.

UK NEWS — LABOUR

Laurie Ludwick on the growth of executive search consultancy in financial services

Hunters lured by high-priced finance heads

"I'VE COME to London to chase an American." Windle Priem head-hunter, will travel any distance in pursuit of his quarry.

His mission this time is to persuade a 37-year-old American banker to accept the top job in the London office of a leading US commercial bank.

Mr Priem is confident that on the following Sunday in Mayfair his presistence and persuasion will pay off, and his company will earn a fee worth 30 per cent of the American's first-year salary package, valued at US$500,000 (£335,600).

"Four times this year I've placed executives whose total compensation packages ranged from $500,000 to $1.1m," Mr Priem said. In the level I'm operating, head-hunters are no longer a last resort, they are a necessity."

His job is to skim the cream off the financial services industry — the men and women whose specialised knowledge and temperament make them attractive targets in the hot markets of London, Tokyo and New York.

Mr Priem, an international partner with Korn Ferry International, the executive search consultancy, runs its financial services operations in 37 offices round the world. He says the division has enjoyed solid growth in the past five years and now accounts for 25 per cent of the company's $60m fee-income.

But the real explosion, according to Mr Priem, has taken place in the London office of Korn Ferry, where the financial services department has doubled its business since 1984.

Mr Stephen Rowlinson, managing partner in Korn's St James's Square office, said: "We've been at the very heart of two phenomena in financial services, as markets are becoming more global, we're a necessary first step for the participants. The other growth area is obviously a result of Big Bang."

International head-hunters such as Korn Ferry are becoming indispensable to the growing numbers of banks and institutions which are plunging into the global financial arena. When foreign banks decide to branch out into a new market, or simply to beef up their operations in an existing one, the single most critical factor is attracting the best talent, according to Mr Rowlinson.

But identifying and recruiting someone can be daunting, especially when decision-makers are based in an overseas head office and are unfamiliar with both the territory and the particular local subtleties involved in finding staff.

"Right now we have a Japanese client looking for a French national with an extensive knowledge of French and London markets," Mr Robinson said. "How could he ever begin to find the right person?"

Korn's databank provides the starting point. Its computerised file containing details of 10,000 people allows him to identify at least a couple of potential candidates almost immediately.

While the international search consultants have tended to concentrate on foreign institutions, the City of London's indigenous head-hunters have been able to reap handsome rewards simply by staying put.

In 1984, the bright light on head-hunters' horizons was this autumn's Big Bang, when financial deregulation will allow banks and institutions to provide a much wider range of services to their clients.

Staffing was pinpointed as a key factor in the strategies of City firms hoping to join the leading players in the highly competitive markets. The result is dazzling salaries and bonuses for the bright, young whizz-kids — as well as for the head-hunters.

"It works two ways," said Fiona Stephens, managing director of Stephens Associates, the London-based search consultant which specialises in investment bankers and brokers.

"The City firms are busy putting into place the right *combination of people who will* help guarantee a solid position come Big Bang."

In addition, she said, the go-getter brokers and bankers want to establish themselves with the bigger, more established firms which can offer better resources, more inter*national clients*, and security. They want to avoid the shake-out if and when it comes.

Increasingly, executive search consultants appear to be the most efficient vehicle for moving people.

In the old days, Ms Stephens said, people and firms operated through the grapevine. But executive time is now more productively spent on hiring a head-hunter. And the addition of a third party in any job search removes a possible conflict of interest.

"It is much better diplomacy *if an individual is introduced* through a head-hunter" because a firm can avoid the charge that it has been pinching his competitor's resources," Ms Stephens said.

Newspaper advertising is something Mr Graeme Wood, personnel director at Mercury Group, wants to avoid. Mr Wood placed an ad in the early 1980s for a position in Warburg's corporate finance department. He received 600 applications which required a team of people to wade through.

"*We're just a little too popu*lar," he explained.

Since then Mr Wood has been inundated with head-hunters of various size, reputation, and experience. He prefers to use one of the six larger search firms on Mercury's short-list because "they will tell you if it cannot conduct a full search of the market, because of a conflict of interest, and because they will know where to find the right candidate without having to ask," he said.

In spite of his resistance to using head-hunters four or five years ago, Mr Wood said they have slowly gained acceptance at Mercury, as its grow-your-own philosophy proved impossible to maintain.

"Like everyone else in the City, we've had to rely on them more and more as our needs and the market change. And with our build-up in professional staffing, I expect it will continue."

The day after his meeting with the American banker, Mr Priem—sat high above Manhattan, adding the finishing touches to a $500,000 deal—his mission was completed success*fully when his target said* "yes." Next month an American starts a new job in London.

Burnham Tories back teachers' pay deal

By Our Labour Correspondent

EDUCATION authority leaders yesterday gave all-party backing to the outline agreement on a new salary structure and employment contract for teachers in England and Wales.

In an important signal to the Government, which is being asked to fund the deal, all but one of the five Conservative representatives on the management panel of the Burnham pay negotiating committee voted to endorse the agreement.

Four Conservatives joined Labour, Liberal and Independent representatives on the panel to vote 22-1 for the deal. The only dissenter was Mr Brian Sams, Tory education chairman of the London Borough of Bexley.

He said the deal failed to meet many of the criteria set down by the Government before the four-day negotiations which ended in employers' leaders and five of the six teaching unions signing the agreement early last Tuesday.

In a statement, Mr Sams accused the Labour majority among the employers of deliberately putting forward an unacceptable package. He said: "I think they have done this since they judge that the Government is more likely to give way than to seek another period of confrontation with the unions in the run up to a general election."

However, the employers' Labour leaders were unconcerned at this criticism, which they dismissed as maverick, and were pleased to be able to demonstrate a broad mandate for pursuing the agreement.

The Burnham panel agreed to continue negotiations on points of detail on the basis of three principles: that the agreement stood as a whole and could not be diluted; that there could be no concessions on the contract items agreed *in out*line in the talks at Coventry; and that government finance was crucial to further progress.

Mr John Pearman, the panel chairman, said: "I am prepared to accept that there are still flaws, still gaps, still issues that potentially remain opportunities for breakdown but everybody was optimistic today."

He said the "alkali test" of the agreement would come within weeks in the first detailed negotiations—on the issue of teachers covering for absent colleagues—and that any failure on this would mean failure of the whole package.

Even if the talks succeed, the employers still face a dilemma over seeking government finance. Because the revised salary structure would add at least £550m to the £5bn pay bill in its first year, to begin next January, they need to request special funding for the current financial year.

However, the Association of Metropolitan Authorities has a policy of opposing specific grants—government cash allocations for particular purposes—on grounds that they undermine local authority descretion in education spending.

Sogat agrees to abide by High Court judgment

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS of the print union Sogat '82 agreed yesterday to abide by the terms of the High Court ruling limiting picketing outside News International's printing plant at Wapping, east London.

However, the union's national executive council made no decision on whether to appeal against Thursday's ruling by Mr Justice Stuart Smith.

Speaking after a day-long *meeting* of the executive at Sogat's headquarters at Hadleigh, Essex, Ms Brenda Dean, the union's general secretary, called on News International to stop hiding behind the law and resume negotiations.

She said: "The High Court judgment does nothing to assist *the resolution* of the dispute. There are still 5,500 ordinary people who have received disgraceful treatment from News International and who have a legitimate grievance which cannot be resolved by High Court orders."

The court order, against *Sogat, the National Graphical* Association and three named Sogat officials, permits peaceful picketing by a maximum of six individuals and allows orderly marches to a point adjacent to The Highway, the main road running past the Wapping plant.

It is unclear what effect this *will have on tonight's regular* weekly demonstration outside the plant. The demonstration is not being organised by the print unions, but by the women's committee of the South-east Region TUC.

Picket organisers believe the terms of the order leave them considerable scope for maintaining protests. They intend to mount silent demonstrations if necessary, which they think would add force and dignity to the dismissed workers' case.

The NGA is due to hold : meeting today of its nationa council to consider its respons to the court ruling.

Mr John Prescott, the Labou Party's employment spokesman said yesterday the ruling woul fuel the bitterness in th dispute. In a letter to Lor Young, Employment Secretar he urged the Government t reconsider Labour's plea fo ministers to intervene.

Mr Prescott said in the lette "I feel the dispute is escalatin particularly in view of the cou decision which restricted eve further the right of workers t picket and peacefully con municate their case."

He told Lord Young: "Yo have the power to interven and see a peaceful solution t the dispute. I strongly urg you to use it."

● National Graphical Associ tion members at three Britis Printing and Communicatior Corporation plants are believe to have voted against blackin work previously done at th company's Bristol plant wher 176 printworkers were sacke four months ago.

Mr Robert Maxwell, BPCC chairman, announced la month that Purnell and Sor in Bristol, would close for goo because the NGA refused t accept a survival plan.

The results of the ballot co ducted amongst Chromo wor ers in Nottinghamshire, at th Odhams-Sun plant at Watfor and at Petty's works in Leed will be announced officiall next week.

Union officials at Purnel expect *Mr Tony Dubbins*, th NGA's general secretary, : seek a meeting with Mr Ma well next week to discuss th dispute.

Damage to TNT worth £10,000

MORE THAN 200 people caused more than £10,000 worth of damage in an attack early yesterday morning on a distribution depot where copies of the News International papers, the Sun and the Times, were awaiting delivery, writes Charles Leadbeater, Labour Staff.

Police reinforcements had to be called in to scare off the attackers from the TNT distribution depot at Thetford, Norfolk.

A police spokesman said the attackers used rocks, *stones and flares to attack* the building, delivery vansh and cars at the depot.

A police official said the flares were aimed at the office building on the site, but there was no fire damage.

In the hour-long attack 15 delivery vans, and 12 cars *belonging to TNT workers* were damaged.

A few of the attackers managed to break through the depot's perimeter fence and to set fire to some of the papers.

The company said only a few papers were lost in the attack. *Drivers later delivered* the remaining copies in their damaged vans.

The police set up road blocks in the area as th crowd dispersed.

TNT has been distributin News International's fou titles—the Sun, News of th World, the Times and Sunda Times, since the compan moved to its new printin plant in Wapping.

This is the fourth attack o TNT premises since th Wapping dispute began i January.

Last month 300 me attacked a TNT depot at East leigh, Hampshire. Police sai there was evidence that mem bers of the print union Soga '82 were involved in th attack.

In June about 40 men fough with police at a distributio depot in Luton. A few day before this attack men arme with knives and spiked ba bearings caused damage est mated at £2,000 at a TNT sit in Kent.

Mr Alan Jones, the mana ing director of TNT (UK said the incident had mad the staff "even more dete mined to do the job."

He said: "Nothing is goin *to stop them. They* ar absolutely committed to ma ing sure these papers get ou on time."

Oxford Street retailers plan late night trading

BY OUR CONSUMER AFFAIRS CORRESPONDENT

RETAILERS IN London's Oxford Street—one of the most famous shopping areas in the world—want to improve their trading environment and stay open longer during the week.

The Oxford Street Association, representing a majority of traders from Tottenham Court Road to Marble Arch, has drawn up plans for late-night trading in the week.

These plans, expected to get final approval from Westminster City Council later this year, are in line with the existing shop hours' legislation

Oxford Street retailers also plan to improve the area by banning traffic in places and creating a more attractive shopping atmosphere to rival out-of-town shopping centres.

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd.	10½
Allied Arab Bank Ltd	10	Financial & Gen. Sec.	10
Allied Dunbar & Co.	10	First Nat. Fin. Corp.	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk.	10	● Robert Fleming & Co.	10
Amro Bank	10	Robert Fraser & Ptrs	11
Henry Ansbacher	10	Grindlays Bank	‡10
Associates Cap Corp.	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm	10	C. Hoare & Co.	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Mase Westpac Ltd.	10
Banque Belge Ltd	10	Meghraj & Sons Ltd.	10
Barclays Bank	10	Midland Bank	10
Benchmark Trust Ltd.	10	● Morgan Grenfell	10
Beneficial Trust Ltd	11	Mount Credit Corp. Ltd	10
Berliner Bank AG	10	National Bk. of Kuwait	10
Brit. Bk. of Mid. East	10	National Girobank	10
● Brown Shipley	10	National Westminster	10
CL Bank Nederland	10	Northern Bank Ltd.	10
Canada Permanent	10	Norwich Gen. Trust	10
Cayzer Ltd	10	PK Finans. Intl (UK)	10½
Cedar Holdings	11	Provincial Trust Ltd	11
● Charterhouse Bank	10	R. Raphael & Sons	10
Citibank NA	10	Roxburghe Guarantee	11
Citibank Savings	¶10¾	Royal Bank of Scotland	10
City Merchants Bank	10	Royal Trust Co. Canada	10
Clydesdale Bank	10	Standard Chartered	10
Comm. Bk. N. East	10	Trustee Savings Bank	10
Consolidated Credits	10	UDT Mortgage Express	¶10.9
Continental Trust Ltd	10	United Bank of Kuwait	10
Co-operative Bank	*10	United Mizrahi Bank	10
The Cyprus Popular Bk.	10	Westpac Banking Corp	10
Duncan Lawrie	10	Whiteaway Laidlaw	10½
E. T. Trust	11	Yorkshire Bank	10
Equatorial Tst Corp. plc	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

Projects for jobless hit landscapers

By Alan Pike, Industrial Correspondent

LANDSCAPING contractors are being hit by competition from Government employment schemes, the British Association of Landscape Industries said yesterday.

The association said its 1986 industry survey showed that Manpower Services Com*mission schemes had helped* lead to larger companies suffering reduced turnovers during the past year.

Mr Les Chandler, national chairman of the association, said the employment schemes were having a very serious *effect on* larger companies in the industry.

"The survey points to these companies having to make significant cuts in their skilled full-time staff due to their legitimate work being handed over to the schemes for untrained young people."

Much landscaping work is carried out by the long-term employed recruited under the Community Programme. Most of these projects are sponsored by local authorities.

Mr Chandler said a second factor affecting larger companies was a shift in landscaping work in the private sector towards smaller contractors. "We also know that as people became aware that loans for garden landscaping are treated as home improvements by the Inland Revenue, they tend to have their *gardens professionally* designed and landscaped."

Aptitude test may replace assessment by A-level

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT is funding experiments which could lead to the scrapping of academic examinations such as GEC A-levels as the main way of choos*ing entrants for degree courses* in universities and polytechnics.

The theory behind the trials, which the Education Department is financing initially with a £69,000 grant over the next 18 months, is that students' suitability for degree studies can be better identified by the characteristics of their everyday behaviour, than by their performance in set-piece examinations.

Methods of identifying scholarly aptitudes from long-term behaviour patterns have been pioneered in the US, and are to be tested by British universities, polytechnics and colleges in conjunction with the Unit for the Development of Adult and Continuing Education.

The first aim of the project is to detect high academic potential in older people whose talents for study were not noted and developed during their schooling.

However, if these methods prove better than A-level grades at indicating scholarly potential, they could supersede results in the standard school-leaving examinations as the prime means of selecting younger students.

The public examinations at 16-plus and 18-plus are expensive, and are poor predictors of performance in degree examinations. In the US, selection for higher studies has long been based on academic aptitude tests rather than on subject-centred examinations of the kind used here.

Mr George Walden, junior Education Minister, said yesterday the Government's policy was to expand higher education, and he hoped the experiments would show a way to tap the unfulfilled talents of mature people.

He said: "Adults without formal qualifications can perform at least as well as 18-year-olds when accepted for degree-level higher eduction. But selection difficulties have meant that few get the chance to do so."

Fire damage rises to £130m

FIRE DESTROYED property worth an estimated £130m in England and Wales in the second quarter, the Association of British Industry said yesterday. This was a 19 per cent rise on the corresponding quarter last year and brought the first-half total to £235.5m.

Three fires in the quarter cost more than £5m each. These were at a factory in northern England (£8.3m), a warehouse in south-east England (£7m) and a warehouse in northern England (£5.1m). Other fires costing more than £1m each numbered 12 and a total 24 fires cost more than £750,000.

Losses include insured and uninsured damage but do not account for consequential loss, lost orders and exports.

APPOINTMENTS

Black Horse expansion

MR P. CONSTABLE MR. R. MERCER

As part of the continued expansion of BLACK HORSE AGENCIES, the estate agency subsidiary of Lloyds Bank, Mr Peter Constable, regional director and general manager of the bank's Greater London (north) region, became chief executive from August 1. Mr Roy Mercer, general manager of Black Horse Agencies since its launch in 1982, will remain in his present position for the time being, and will now be able to devote his main effort to acquisitions. During 1987 he will take over as regional director and general manager of the bank's south east region on the retirement of Mr David Wkyes.

Mr George Law has been appointed deputy chairman of BAKER PERKINS from August 1. He succeeds Mr Bernard Cotton, who will retire at the annual meeting on July 31. Mr Law joined Morgan Grenfell and Co as a director in 1968. On its formation in 1971 he became a director of Morgan Grenfell Holdings which is now known as the Morgan Grenfell Group. He was appointed a non-executive director of Baker Perkins in 1981 and will continue in this role as deputy chairman. He is also a non-executive director of Blackwood Hodge.

★

Mr David W. Hardy, executive chairman of Globe Investment Trust, has joined the board of ABERFOYLE HOLDINGS as a non-executive director. Mr Colin H. Black, deputy chairman and managing director of Globe Investment Trust and a director of Electra Investment Trust has joined the board of WESTAR INVESTMENTS. Westar controls the recently merged Zimbabwean interests of Aberfoyle, Globe and Electra, and is jointly owned by these three companies.

★

The WALTER KIDDE COMPANY has appointed Mr Brian Ward as marketing director.

★

Mr John Allen has been appointed general manager of ISLE OF MAN BANK, a wholly-owned subsidiary of National Westminster Bank. He succeeds Mr John Sayle, who retires on September 30. Mr Allen has been assistant general manager since 1980.

★

Mr Richard Allen has been appointed general manager, Peterborough Products, PERKINS ENGINES GROUP. Formerly Perkins director finance, Mr Allen joined the company in 1985 following a 14-year career with Massey-Ferguson, now Varity Corporation. He succeeds Mr John Towers who becomes vice president, Varity International Services, based in Toronto, Canada.

★

Mr Jim Clark has been appointed managing director of NBS, Weybridge. This follows the promotion of Mr Peter Cox to senior vice-president of the NBS Group. Mr Clark joins from his post as sales and marketing director of Moore Paragon. NBS is a Canadian corporation.

ECONOMIC DIARY

TOMORROW: Seven heads of Commonwealth Governments open three-day summit meeting in London. Mr George Bush, US Vice President, starts visit to Cairo (to August 5). Cowes Week opens.

MONDAY: Treasury publishes UK official reserves figures for July. Capital issues and redemptions for July from Bank of England.

TUESDAY: London and Scottish banks' July monthly statement. Bank of England's provisional estimates of monetary aggregates (mid-July).

WEDNESDAY: Maiden flight of British Aerospace's ATP aircraft, Manchester. Advance energy statistics for June. Detailed analysis of employment, unemployment, earnings, prices and other indicators.

THURSDAY: National House

Boulton and Paul closes Norwich plant

Financial Times Reporter

BOULTON AND PAUL is closing its steel fabrication plant in Norwich and concentrating fabrication work at its Scarborough factory because of shrinking demand in the UK for structural steel.

The company, based in Norwich, is also closing a design office in Birmingham, with a total loss of 160 jobs at the two sites.

Boulton and Paul, which also has a building services division making doors and windows at various sites in the UK, said yesterday it had made a net loss of £3.4m on its steel operations in the past 12 years. This included a loss last year of £174,000.

The company specialises in steel fabrication for projects such as airport buildings, shopping centres and warehouses.

It said yesterday that demand for fabricated steel, which has declined steadily in the UK over several years, had not made the recovery this year that the industry had expected.

Government urged to talk with Opec

THE UK Government should talk "openly and directly" to the members of the Organisation of Petroleum Exporting Countries in order to agree on ways to support oil prices. Failure to do so could halt all new developments in the North Sea, and declining UK production would mean a surge in oil imports.

Mr Rowland Shaw, chairman of Premier Consolidated Oilfields, an independent oil company, warned shareholders of this at the company's annual meeting yesterday in London.

Such oil imports would be at increasingly high prices as more marginal fields abroad

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Mandatory sanctions

THE MEETING of Commonwealth leaders that opens in London tomorrow is most likely to be successful if it is seen in the broadest possible international context. It is not just about relations within the Commonwealth or even what the Commonwealth decides to do about South Africa. It has become part of a much wider process.

True, no gathering that includes the heads of government of Australia, Canada, India, two of the front-line African states and a representative from the Caribbean as well as Britain can be exactly described as parochial. The Commonwealth deserves credit for having raised the South African question towards the top of the international agenda. The situation may not yet be as potentially explosive as that of the Middle East or the competition in strategic armaments between the US and the Soviet Union. But Southern Africa is now high on the list of trouble spots that cannot be isolated from the rest of the world.

Yet the Commonwealth alone, having made its point in calling for economic sanctions, has very little power to make them effective. It will have even less if the London meeting ends in acrimony, either by Commonwealth leaders deciding to walk out or by Mrs Thatcher refusing to budge from her profound dislike for sanctions of any kind. More likely, it would be a combination of a display of Commonwealth emotionalism and British intransigence that would produce a confrontation. That is what has to be avoided. The tone and style of the meeting will be very important.

Bigger exercise

What has happened in the past few months is that much of the rest of the world has caught up with what the Commonwealth has been calling for. There is a European Community list of possible sanctions as well as the Commonwealth list drawn up in Nassau last October. The US has been busy debating sanctions of its own. There is provision for consultations between Europe and the US. These will also involve Japan and other industrialised powers. Sanctions, however selective, will make little sense if some countries can simply opt out.

The European timetable differs from that of the Commonwealth, which has already effectively expired. If the Commonwealth had its way, sanctions would be already in place. Yet it now has the opportunity to take part in a much bigger exercise. The Europeans and Americans, as well as the Japanese, should be able to come up with detailed proposals in the next few weeks. It would be very foolish of Commonwealth members to become obstreperous merely because of a delay of a few weeks.

Besides, there are still a great many details to be discussed. It is very striking, for example, that even such an ardent advocate of sanctions as Mr Malcolm Fraser, the former Prime Minister of Australia, has never really faced the question of whether they should be mandatory: that is, binding under a resolution of the United Nations Security Council. Neither Mrs Thatcher nor President Reagan may like the UN very much, but if there are to be sanctions the Security Council is the logical channel to go through. Mandatory measures would reduce the possibility of appeals against sanctions in the courts. They would also make evasion more difficult.

Front-line aid

Some thought needs to be given, too, to what happens after sanctions are imposed. They should be the beginning of an exercise rather than an end in themselves. That means monitoring, and monitoring not only whether the measures are observed fully, but also the political effects inside South Africa. Are they leading to the political dialogue that is supposed to be one of their aims, or are they making matters worse? Should they be tightened or loosened? Someone will have to watch this.

There will also have to be a plan to provide assistance to South Africa should its Government decide to negotiate. The Foreign Affairs Committee of the House of Commons put this very well in its report this week when it said: "The South African Government should be offered the chance to agree to negotiations toward a political settlement in return for the promise of a substantial injection of finance and technical support from the major industrial powers, where possible direct to the black community." Such an offer should remain on the table after sanctions are in force. It needs to be worked out.

Not least, there will have to beaid for the front-line states, which may suffer not only from the side effects of sanctions but also from South Africa retaliation by military means. No one should recommend sanctions without having taken this into account.

In short, it will have to be a well thought-out international exercise. The best way of achieving that is through the UN Security Council. It is what the UN was for originally. Although we advocate sanctions more in sorrow than in anger, it is just possible that a by-product will be to restore the UN to life.

WEALTH IN BRITAIN

Thatcher millionaires of the 'enterprise culture'

By Alice Rawsthorn

WEALTH is a dirty word in Britain. Those who covent wealth are deemed to be greedy, those who strive for it grasping, and those who achieve it *arriviste*.

Yet in the past six years, since the Thatcher government came to power, more people have become very wealthy in Britain than ever before. By the end of this year there will be 8,000 millionaires in Britain, according to the Inland Revenue. This may seem paltry in comparison with the US, where there will be a million millionaires by the end of this year, but at least 3,000 of the British millionaires have made their millions since Mrs Thatcher moved into Downing Street.

Traditionally, British wealth has been inherited, yet most of these new millionaires have worked for their wealth. Where has the new wealth come from? And has the profusion of wealth changed social attitudes towards it?

Perhaps the greatest single source of sudden wealth in recent years has been the City. A bull market has raged on the London Stock Exchange ever since the 1979 election. The FT-30 Share Index has soared from 553.5 on May 3 1979, when Mrs Thatcher was first elected, to 1382.9 on May 3 this year.

"The Government cannot create a bull market — indeed this bull market began under Labour after 1974 — but what it can do and what this Government has done is to create a climate in which the stock market can flourish," says Mr Tony Richards, director of private client services at the stockbrokers, Quilter Goodison.

"By reducing capital gains and income tax, the Government has enabled investors to buy and sell shares more profitably; by funding the public-sector borrowing requirements through privatisation rather than the issue of gilt-edged stock it has released more money for equity investment; and by abolishing exchange controls it has enabled investors to buy shares overseas. As a result, more and more people have turned to equity investment and a great many investors have become very wealthy indeed."

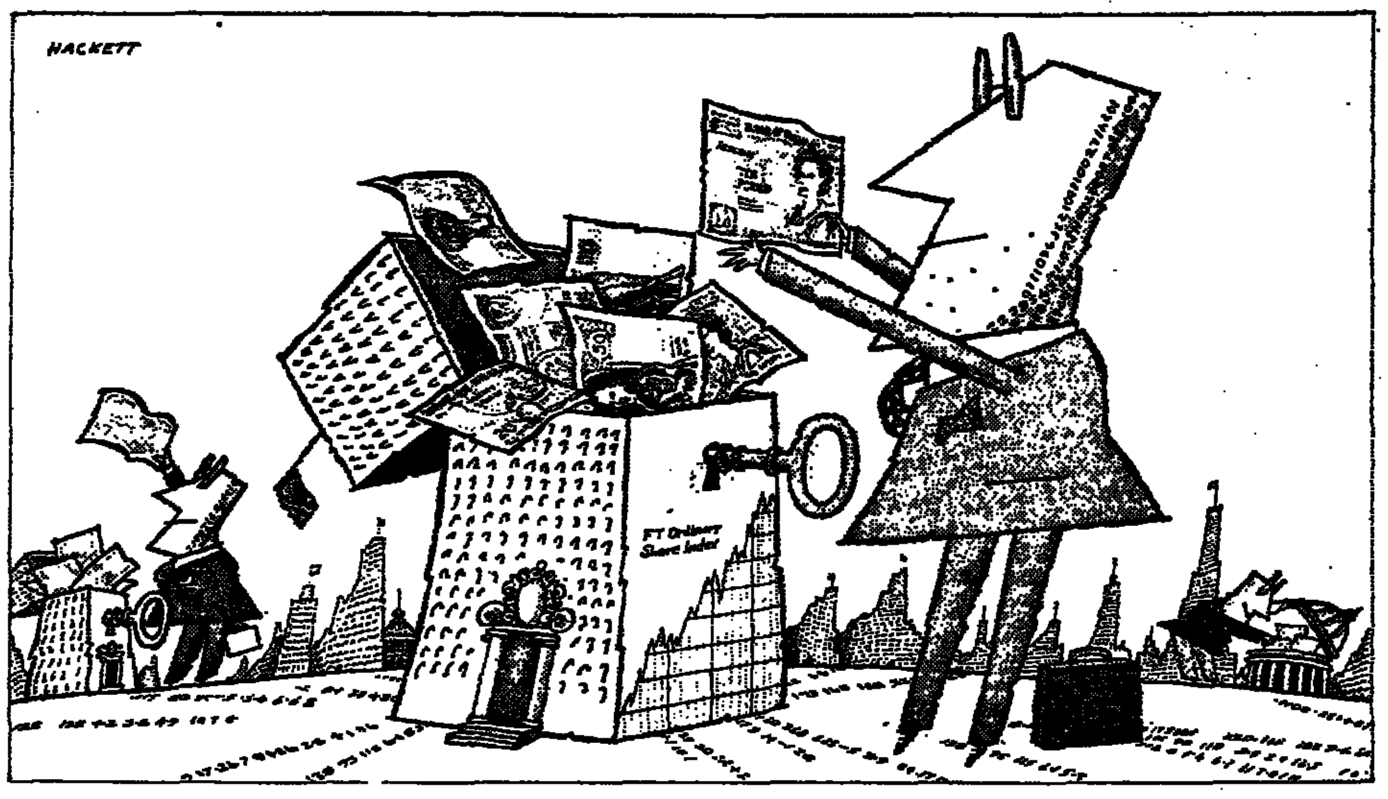
Yet it is the people who work within the City itself, rather than those who invest in it, that have benefited most from government policies. The Big Bang or deregulation will usher in a new era of competition in the London securities markets. Employing talented people will be crucial in this more competitive era and in the approach to deregulation City salaries have soared.

The *jeunesse dorée* of the City — the young market makers and Eurobond dealers with their "telephone digit" salaries, their "golden hellos," "golden handcuffs" and the "golden handshakes" when they hit "burn-out" — have entered popular mythology.

But for all their conspicuous consumption, the new-found affluence of the *jeunesse dorée* pales into insignificance beside that of the partners in the jobbing and broking firms they work for, many of whom have sold out their interests to the foreign finance houses which deregulation has ushered into the City.

Selling out has created a unique opportunity for the partners in large City firms.

"Initially there was some concern that the heads of City firms, having received such large sums of money, would become demotivated," says Mr John Hewitt, a director of stockbrokers Scrimgeour Vickers. "In fact the reverse has happened. It is as if the City is gripped by drug addiction; the more money people earn, the more they want."



The Government's policy of market liberalisation has done more than choke the City's streets with shiny Porsches. It has also offered hundreds of companies, which were too small or too young to join the stock market, the chance to go public by creating the Unlisted Securities Market. And the USM has offered the founders of those companies the chance to cash in their shares and become very, very wealthy.

The USM millionaire has become as standard a City stereotype as the *jeunesse dorée*. Yet the USM millionaire is, by and large, a myth.

According to the accountants, Touche Ross, the USM has created 546 "millionaires" since its inception five years ago. But 502 of these are millionaires on paper alone. Given that the USM is so illiquid a market, it is a nonsense to suppose that these paper millionaires could realise more than a fraction of the value of their shares without causing untold damage to the rating of their companies.

And the experience of Mr Herman Hauser and Mr Chris Curry, the founders of Acorn Computers, shows just how ephemeral paper millions can be.

When Acorn's shares hit their peak of 193p in 1984, Mr Hauser and Mr Curry could claim paper fortunes of £103m and £83m respectively. By February 1985 the value of those paper riches fell eightfold when Acorn's shares tumbled to 23p. Within a week Acorn's shares were suspended and the paper millions shrivelled.

Nonetheless, the USM has spawned some genuine millionaires. According to Touche Ross, 44 company founders have collected more than £1m in cash from their flotations. Mrs Debbi Fields and her husband Randy, the founders of the US cookie company, Mrs Fields, were two. The Mrs Fields flotation flopped, but Mr and Mrs Fields collected their cash millions from the sub-underwriters. Mr Jon Summerill was one.

Mr Summerill is the chairman of the Yellowhammer advertising agency, which creates advertising for the Government's anti-heroin campaign, Barclays Bank and the environmental protest group, Greenpeace, and which joined the USM last year with a market capitalisation of £11.4m. The flotation generated almost £3m in cash, £250,000 of which was ploughed back into the business. Mr Summerill pocketed £1.95m.

"I do not feel guilty about it," he says. "Yellowhammer came to the USM as a cash rich company with no need for additional capital. For me the money was the reward for 20 years hard work. Any other hard working businessman would have done the same."

Mrs Thatcher has pinned her hopes on such energetic individual entrepreneurs to build the "enterprise culture" which has been a major theme of her government. Direct government assistance has been kept to a minimum. But individuals have been given greater financial incentives to build up businesses and generate new jobs. Many have become very wealthy as a result.

In his first Budget as Chancellor of the Exchequer in March 1980, Sir Geoffrey Howe reduced the top rate of taxation from 98 to 60 per cent. For Mr Alan Sugar, chairman of the electronics company, Amstrad, the Government's logic was correct.

"What could a government do to help a company like Amstrad?" he says. "A government cannot give you ideas, it cannot spot gaps in the market. All it can do is to create a society in which it is worthwhile for people like me to work hard and build their businesses. And the best way to do that is to reduce personal taxation."

In many ways, Mr Sugar is the archetypal entrepreneur. He began Amstrad in the late 1960s by hawking car aerials — at a 100 per cent mark-up — from a van in an East End street market, and has built it up into a publicly quoted company from which he could realise £26m one morning in May by selling 5 per cent of its equity.

He is unequivocal about his motivation for building Amstrad: "At the end of the day, apart from the ego trip, what motivates people is wealth," he says. "It was the prospect of wealth that motivated me to build my business. Without that motivation I would throw in the towel and that would mean throwing in the towel for the 600 people I employ in Britain."

Yet entrepreneurs like Mr Sugar are rare in Britain. Conventional economic wisdom suggests that the British entrepreneur is an aberration. It is perhaps this inherent indifference towards enterprise on the part of the British which has enabled generations of immigrant entrepreneurs to flourish.

Mr Osman Abdullah, chief executive of the acquisitive engineering conglomerate, Evered Holdings, is convinced that his status as an "outsider" helped, rather than hindered, the development of his company.

"My brother and I had a foreign surname and were unknown in established City circles and in the early days we had to run twice as fast to compensate," he says. "And we still run twice as fast. Whether or not distrust and suspicion exist, one always assumes it is there, and that uncertainty is a great motivator. Attitudes are changing, we have come a long, long way but there is still a long way to go."

Attitudes are changing not only towards immigrant entrepreneurs but towards entrepreneurs in general. "The Government's enthusiasm for enterprise culture has encouraged the glorification of the entrepreneur," says Mr Peter York, who has made his money in the Thatcherite era by plotting the follies and foibles of the rich for his market research consultancy, the SIU Group.

"The British have fallen in love with the David and Goliath syndrome, the idea of the small man taking on big business and beating it. Mr Eddie Shah could sell his new newspaper earlier this year by selling himself. Six or seven years ago that would have been impossible. Britain has some way to go before it adopts the 'go for it' culture of the US. But we are getting there."

This newfound enthusiasm for enterprise is partly rooted in prosperity — in the increase in personal disposable incomes for those in employment and in owner occupation under Mrs Thatcher — and partly in adversity.

"In many ways people have no alternative but to be enthusiastic about enterprise," says Mr Roger McKenchie of Derwent Valley Foods, which manufacturers the Phileas Fogg snack foods in the Durham town of Consett. "In a town like Consett, where British Steel was the dominant employer, 4,000 people lost their jobs when the steelworks closed down and the local economy collapsed.

"One by one all the old industries that provided employment in the North East have disappeared — ship building, coal mining and steel production. People around here realise that the small, entrepreneurial companies that have sprung up in their place are their only chance of employment."

Enthusiasm for enterprise has in turn forged greater tolerance towards wealth and this tolerance has encouraged the wealthy to become much less reticent about displaying their affluence.

"The symbols of affluence have changed but attitudes towards it have changed remarkably," says Mr York. "Splurging on a huge Rolls-Royce may have been the thing to do in the 1950s but not in the 1980s. Yet the reason that a Rolls-Royce is unacceptable has changed too. In the 1960s or 1970s it would have been frowned upon as too expensive. Today it is unacceptable because society prefers an equally expensive, but arguably more stylish, alternative."

Perhaps it is this new tolerance towards wealth that has permitted the Government to continue to offer more and more financial incentives to individuals as a quid pro quo for economic growth and job creation. The Government is committed to further reductions in personal taxation.

Mrs Thatcher, at least, is resolute. "Come with us towards the next decade," she adjured the faithful rank and file at the last Conservative Party conference. "Let us together set our sights on a Britain where there is a resurgence of enterprise, with more people self-employed, more businesses and more jobs."

"Why did I do it?" says Amstrad's Alan Sugar. "I did it for the same reason that anyone else would have done it, because I wanted wealth. I wanted a bigger house, a better car and an extra week on the Costa del Whatsit."

British Aerospace closure at Weybridge

Out of work in the leafy suburbs

Weybridge, BAe; suddenly, at the home of British aviation, to the sadness and surprise of all concerned, after a long and distinguished life. Shall be much missed by all at Brooklands Road.

The Brownseas—Carolyn, Alan and Antony—outside BAe's Weybridge plant

THE UNEXPECTED death of the British Aerospace plant at Weybridge in Surrey has profoundly shocked and baffled its workforce of 4,000, a majority of whom will lose their jobs.

The announcement came on the very day that they all received a large productivity bonus; only months after major plant renovation had begun; and before the staff of one entire section had found their feet after being moved *into* Weybridge from another site — itself now earmarked to take a remnant of the workforce displaced by the Weybridge shutdown.

The decision to end all manufacturing at this historic site — which saw the first flight by an Englishman 79 years ago this September — could not be avoided, according to British Aerospace.

The company's military aircraft division had to become more competitive and Weybridge, headquarters since January of the eight-site military division, was underused. Bids for new work were failing on price and no other company work could be economically transferred there.

About 625 employees would be moved to the company's plants in nearby Kingston and Dunsfold, and just 700 jobs mainly in management, warehousing and design, would remain at Weybridge. The "high cost" site had to go — and with it 2,500 jobs.

Job losses on this scale may not be uncommon in South Shields but this is happening in secure, "stockbroker" Surrey, the very picture of the favoured south-east. In prosperous *Weybridge*, which, it can not be denied, really is leafy and trim, unemployment (at only 5.5 per cent) is hardly a fact of life.

The BAe works is as much a part of Weybridge as the affluent St George's Hill private estate immediately across the road.

This is an estate in the "executive" belt sense — a great, green garden set with mansions named Aida and Constantia, tucked away behind 10ft hedges of rhododendrons. Each gateway shows only a glimpse of driveway, Georgina facade (probably George VI), and a plump stone nymph on one leg in a pond by the door.

St George's tends to attract people who have made a lot of money rather suddenly, earning for Weybridge, perhaps unfairly, a pop star image. But that, and the equally frequently applied dormitory town label are only partly accurate.

The last census showed that a surprisingly high proportion, more than half, of all working residents in the borough of Elmbridge — comprising Weybridge, and neighbouring Walton and Esher — earn their living within its boundaries.

And there are *other* types of estates in Weybridge too, including some council houses. Well, just 606 to be precise.

The aircraft workers find themselves in the sort of town that can support a High Street furrier and a Dandini Dancewear shop, where troupes of little girls buy their pink satin ballet pumps. It is a place where the Conservative headquarters sparkles in fresh blue and white—although control of the borough is in the hands of the Residents' Association since the Tories, in a huff, surrendered all the committee chairs after the shock of waking up to a hung council in May.

The British Aerospace employees have earned their place in the town and their share of the area's prosperity. The closure, to take effect over the next 18 months, now threatens the livelihood of skilled workers and, in some cases, entire families, like the Brownseas—father, daughter and son.

Mr Alan Brownsea, machine shop foreman, is 52 and has worked at Weybridge for 29 years. This week's announcement stunned him.

"We've lived with cutbacks for 20 years, we're used to them. But no one seriously expected the plant to go." Mr Brownsea reckons any redundancy pay would provide security for only a year, at best, and he sees little chance of finding another job at his age.

Antony Brownsea describes himself as "just a miller" in the machine shop. He is, in fact, highly skilled. He completed his four-year apprenticeship on April 3, his 20th birthday. By an unfortunate twist, had the closure announcement come four months ago he would still have a guaranteed job. BAe is offering all apprentices transfers to nearby locations.

Carolyn Brownsea, 25, has worked as a technical assistant in the design department for just over a year. There are 750 in the section and 250 jobs will remain after rationalisation. "I failed maths O level but even I can work out that it doesn't look good for me," she said.

For Richard de Barro, a designer on the technical staff, the news came as a bolt from the blue. "There was no warning. We've had plenty of work." He is 53 and the mortgage on his home in nearby Byfleet is nearly paid off. He sees little hope of finding alternative work in the area but would regret having to move. "I don't want to get involved in another mortgage. I've struggled all my life. I don't want to begin again," he says.

Many of the 4,000 employees have worked at Weybridge for 30 and 40 years.

They take great pride in working at a plant which has earned such an illustrious place in the history of British aviation. Weybridge, based on the famous Brooklands site, the world's first motor-racing circuit, saw the first flight of the Hawker Hurricane in November 1935; was home to the wartime Wellington bomber, the Viscount, Vanguard and VC-10, and the best selling BA 1-11.

The plant now assembles wing components for the Airbus family of airliners, does work on the Hawk Trainer and manufacturers the taileron structure for the Anglo/German/Italian Tornado.

According to Ms Christine Bickerstaff, the Tass union representative at Weybridge, BAe's "highly successful" policy of spreading work throughout the company's plants suddenly stopped — as far as Weybridge was concerned — last year.

She decries as "almost laughable" BAe's move of writing to 60 local companies about possible staff vacancies. "Many of them depend on us for survival."

BAe said that half of the 90-acre site will probably be sold but stressed that the proceeds of land disposal was not a "driving factor" in its decision to close.

What would those magnificent men in their early flying machines have thought?

Fiona Thompson

On the eve of the crucial Commonwealth mini-summit in London, FT writers assess the leaders' attitudes

Head to head over sanctions and South Africa

RAMPHAL THATCHER KAUNDA GANDHI HAWKE MUGABE MULRONEY PINDLING

RAMPHAL

THE KEY to Sir Shridath Ramphal is his job: Commonwealth Secretary-General. No Secretary-General likes to see the organisation over which he presides disintegrate, so ignore any stories that he would prefer to see a Commonwealth without Britain or would be unconcerned about (say) a Zambian walk-out. His job is to hold the Commonwealth together.

Ramphal, only the second holder of the post, gave the Commonwealth new life when he took over 11 years ago. He is a lively, charming man. As *a Guyanese, he comes from a* country perhaps more torn by racial conflict than almost any other. He has an acute awareness of how bad racial strife can be.

He tried almost to the very last day to prevent the withdrawals from this year's Commonwealth Games, knowing how harmful the effect could be on British opinion. He was also upset by President Kaunda's outburst at Sir Geoffrey Howe; the "kissing apartheid" episode.

Ramphal admits that the emotionalism of President Kaunda is a problem; so too, is the uncertain attitude of Nigeria which led the withdrawal from the Games, but is not a front line state.

His view of the mini-summit that starts tomorrow is that it should be a success provided that the participants argue about means, not ends. Mrs Thatcher, he thinks, still has to convince some of the other leaders that she is as opposed to the present South African system as they are.

He has no objection to holding a second meeting in two months. The essential point, he says, is to keep the Commonwealth process going.

Malcolm Rutherford

THATCHER

ONE POINT about Mrs Thatcher, the British Prime Minister, that not everybody realises is that her bark can be worse than her bite. She can seem at her most aggressive when she is about to change her mind.

When she took office in 1979 she did not expect that Britain would shortly be coming to terms with Mr Robert Mugabe in Zimbabwe-Rhodesia. Under the guidance of Lord Carrington, her first Foreign Secretary, she allowed it to happen.

Another point about her that is sometimes overlooked is that she is a very good politician. She wins elections.

Africa has always been a difficult subject for the Tories. The party was divided over the granting of independence to the East African states in the 1960s, its attitudes towards the Central African Federation and again in its approach to the illegal declaration of independence by Rhodesia.

But South Africa was bound to be the most difficult problem of the lot, especially since the Conservative Party is no longer the party of the Commonwealth. Mrs Thatcher has reached the end of a Parliamentary session with unity just about intact and an all party Select Committee acknowledging the near inevitability of further sanctions.

Where she may have got into a tangle was in persuading herself that President Botha would take the bold course and opt for substantial reform. She says that that is *what she would have done in* his position. She was wrong, but may still entertain lingering hopes.

Malcolm Rutherford

KAUNDA

IF THERE should be a showdown over sanctions at the Commonwealth's mini-summit, Kenneth Kaunda will be at the forefront of the scrap. The Zambian President first set the tone of confrontation earlier this year by repeatedly threatening to pull out of the Commonwealth if Margaret Thatcher maintains her refusal to impose new measures against South Africa.

He has kept up the pressure since then, publicly carpeting Sir Geoffrey Howe, the British Foreign Secretary, on both his recent visits to Lusaka

In his 23 years in office, KK, as he is widely known, has suffered the effect of a series of independence wars in neighbouring territories: Angola, Mozambique, Rhodesia (now Zimbabwe) and Namibia.

Now Zambia, which provides the African National Congress (ANC) with its administrative headquarters, is in the front line of the most serious upheaval of all.

So it will be KK, impassioned and emotional, with his characteristic starched white handkerchief clutched in his left hand to wipe away the odd tear, who will lead the call for sanctions, and take on Margaret Thatcher.

An earlier confrontation ended happily. After a sometimes acrimonious Commonwealth conference in Lusaka in 1979, when Rhodesia headed the agenda, the two protagonists ended the conference on the dance floor doing the foxtrot.

Commonwealth chemistry, the mediating role of the Queen and, above all, the emergence of a strategy for Rhodesia's independence had brought them together. *This* weekend sanctions and South Africa may prove a tougher nut to crack.

Michael Holman

GANDHI

MR RAJIV GANDHI, the Indian Prime Minister, comes to London wearing two hats that need not always match—he is a third world leader championing the African cause. He is also a firm believer in the Commonwealth as an important and valuable international institution.

In London, Mr Gandhi will be flexing his international muscles in favour of the frontline African states. In the process, he could find himself *on the side of forces that will* strain the Commonwealth because of the threat of a clash with Mrs Thatcher.

The Prime Minister has in recent weeks launched his own brand of quiet diplomacy. He has spoken on the telephone to the Canadian and Australian Prime Ministers and with the frontline African leaders. This has led him to believe that a united stand is possible to put pressure on Mrs Thatcher to agree to sanctions.

The Indian leader played a major role at the last Commonwealth summit at Nassau.

What worries Mr Gandhi is that Mrs Thatcher is avoiding enforcing even the limited package of measures worked out there. This is the minimum that Mr Gandhi hopes Britain will agree to.

Mr Gandhi is unlikely to mince words in London. As one of his senior aides says: "The Prime Minister values the Commonwealth as much as his mother and grandfather did. But ending apartheid is even more important."

K. K. Sharma

HAWKE

MR BOB HAWKE, the Australian Prime Minister, goes to this week's Commonwealth emergency session on South Africa looking rather haggard. It is with some hesitation that the Old Silver — as he is affectionately called for his thick and wavy crown of hair — leaves Canberra to spare precious time that could otherwise be spent at home putting some order back into the economy.

But attendance at the London meeting is vital in his view. After all, he was one of those at the Nassau meeting who initiated the creation of the Eminent Persons Group and convinced the hard-liners to give dialogue with the South African Government a chance before jumping into sanctions. Since the EPG had failed to bring the white government to the negotiating table, he is frustrated, and feels the need to push on with the work.

Mr Hawke, 56, is bringing to London his distinctive style of persuasion, arbitration and bargaining so famous among Australians. Since his days as a union leader and as president of the Australian Labor Party, *he has built a reputation as a* arbitrator who alternately bullies and cajoles disagreeing parties. A cult had developed around his image as a larrikin, a fearless tough-talking yet charming Aussie lad.

Mr Hawke has criticised Britain and Mrs Thatcher for failing to understand that in order to retain British involvement in South Africa, the UK must not stand in the way of change but be associated with it.

"Now if Mrs Thatcher can come to understand that, I *think she will see that* sanctions are going to be necessary to get the South African regime to talk," he said recently.

Emilia Tagaza

MUGABE

WHEN Robert Mugabe won Zimbabwe's independence election in 1980 whites were stunned. They regarded the man as a terrorist, leader of a guerrilla army in a war which cost over 25,000 lives. Within hours of his success, the Prime Minister made a remarkable plea for tolerance, urging reconciliation between the races.

Friends and critics alike acknowledge the steely will of a cold enigmatic man who emerged from ten years in detention under white rule with a string of degrees to his name. The singlemindedness with which he sought Zimbabwe's independence has been brought to bear on his support for efforts to end apartheid.

Mr Mugabe, who next month hosts the non-aligned summit in Harare, comes to the conference as dismissive as President Kaunda of the European peace initiative's prospects for success, and equally impatient for the introduction of sanctions. Unlike his neighbour, however, he has not threatened *to leave the Commonwealth.*

The need for southern African states to prepare for the consequences of the growing conflict in the republic, and to play their role in the ending of apartheid, is a frequent theme of his speeches.

He is acutely aware of Zimbabwe's own vulnerability to instability in southern Africa. Some 5,000 of the country's soldiers are deployed in neighbouring Mozambique, protecting a vital road, rail and oil pipeline "corridor" to the Mozambican port of Beira, which has frequently come under attack by South African-backed rebels.

Michael Holman

MULRONEY

NOTHING would please Mr Brian Mulroney more than to receive at least some of the credit for whatever action the Commonwealth eventually decides to take against South Africa.

Gently nudged by the British, the affable Canadian Prime Minister has latched on to the South African issue in the past year as a way of asserting Canada's view of itself as a mediator in international trouble spots, and of boosting his own political standing at home.

In addition, the Commonwealth has a special significance for Canadians beyond whatever Mr Mulroney's private political ambitions may be. It is one of the few international bodies in which Canada can take a leading role without being overshadowed by the US.

Mr Mulroney has tried to take a lead in bridging the gap between Britain and the Afro-Asian and Caribbean members of the Commonwealth. He has appointed a special envoy (Mr Bernard Wood, respected head of the North-South Institute in *Ottawa) to visit other* Commonwealth countries in search of common ground. He imposed a package of sanctions against Pretoria earlier this year.

But the Canadians have been careful not to do anything too drastic. They did not join the Commonwealth Games boycott. The sanctions they have imposed so far—like a voluntary ban by travel agents on promoting tourism to South Africa and the withdrawal of Canadian accreditation from Pretoria's labour and agriculture attaches based in the US—fell far short of the tough measures which Mr Mulroney and his ministers often talk about.

Bernard Simon

PINDLING

IN 1967 Prime Minister Sir Lynden Pindling sought and achieved peaceful transition to black majority rule in the Bahamas.

Nineteen years later Sir Lynden, who will be chairing the weekend meeting, is convinced the same "quiet revolution" can end apartheid in South Africa — if Western leaders are prepared to apply mandatory economic sanctions now.

Judged alongside many Commonwealth leaders, the 56-year-old British *educated lawyer might be considered* conservative.

The chairman's mandate is clear: seek the dismantling *of* apartheid in South Africa and the establishment of a nonracial representative government as a matter of urgency. In this he has the support of the 13-member Caribbean Community (Caricom) following their meeting last month.

A charismatic man, known for his restrained life style — he neither drinks nor smokes and is an early sleeper — he *can be brutally frank.* He recently chastised President Reagan and Mrs Margaret Thatcher for their opposition to sanctions.

He is likely to emphasise the point that the West is fast losing its opportunity to influence the future of Africa through its refusal to respond to demands for change by the black majority in South Africa.

Sir Lynden is facing an election within the next year. If as chairman he is able to steer the Commonwealth toward consensus on the sanctions issue, the benefits in terms of his domestic popularity could be significant.

Nicki Kell

Letters to the Editor

Revolution and evolution

From Mr L. Xiong.

Sir,—I felt as if being tickled on the back reading your weekend entertainment (July 26) "The revolution that shamed China." Though a former participant in the Cultural Revolution first as a Red Guard and later as an s.o.b. of a "Capitalist Roader," I tend to see that national tragedy as a continuation, though misguided, of the epic of an ancient civilisation relentlessly trying to rise to the challenges and find its identity in the modern world. Japan found its way more than a century ago. China is still struggling — but for how much longer?

Talking about shame, that kind of comparison is the shame the nation, particularly the younger generation, feels. As to the Cultural Revolution: few people feel personally responsible, almost everybody feels wronged, and certainly nobody will, as suggested in your article, forget it.

Then why the strange reluctance to re-evaluate it if not for shame? Because there is a much deeper concern.

When reforms began to push triumphantly from the rural areas into the industrial cities in early 1984, the People's Daily announced in an inconspicuous article that the reformers' strategy was to penetrate the cities from the countryside. Today, economic reforms in the cities have come up against the very backbone of communism — absolute state ownership of means of production, and the reformers have decided to press ahead. That intention was reaffirmed by Mr Deng's recent remark that "economic reforms to be implemented in the cities in the next five years will involve reforms of economic as well as political regimes," a statement as deliberately vague as it is portentous.

China watchers may be puzzled, if not disappointed by the absence of a battle royal against Maoism. In the long run, however, Mr Deng's economic approach will enable the people to look at the drama of the Cultural Revolution and other dramas in a different perspective and at a distance sufficient to allow detachment. Bearing in mind that compelling economic logic and common sense are more persuasive today than endless polemics, it is obvious that quietly building upon the desire for prosperity is a wiser way to challenge Marxism and Maoism than fuelling political fervour and having the whole nation running into ideological camps again.

When the ideological fallacy is made known not through propaganda or class struggle, but through increased national awareness, every revolution will explain itself.

Lixian Xiong.
(staff member, UN Office at Geneva from the People's Republic of China),
5 rue Amat, 1202 Geneva.

Two views of the tunnel

From the Editor, Railway Gazette International

Sir,—It is not surprising that Andrew Taylor (July 29) found British fund managers less optimistic than their French colleagues about the profitability of the Channel tunnel. The clue lies in the fear expressed by one manager that ferry operators might "try to price the tunnel out of existence."

Viewed from London the tunnel is primarily a more efficient *way of getting road* vehicles across the Channel. This is how it was presented to the City last year, essentially because British Rail's down-market passenger service and obsolete freight wagon ferries make only a feeble contribution to cross-Channel traffic today.

The Paris investment manager, having already experienced the new 170 mph TGV service to Lyon, readily accepts that rail might expect to capture a large slice of short-haul air travel and perhaps 20 per cent of cross-Channel freight tonnage, rather than the present 5 per cent, because that is what actually happens across land frontiers in western Europe.

Thus it is easier to perceive from Paris the Channel tunnel's great strength as an investment; a common rail infrastructure which not only competes with ferries for road traffic, but will draw almost as much profit (as opposed to revenue) from rail passengers and freight—business which the ferries cannot hope to divert through underpricing.

There is as yet no understanding in Britain that 190 mph trains linking major population centres such as London-Paris or Birmingham-Brussels can be very profitable. In 1985, the Paris-Lyon TGV service earned Fr 3.5bn in revenue against working expenses of Fr 1.2bn; after servicing the original Fr 8bn investment in the new line, there was a clear profit of Fr 700m. This line carried 15m passengers last year; a similar number is predicted for high speed trains through the Channel tunnel. True, the Paris-Lyon line does not include a 30 mile tunnel, but it carries no other traffic, not even rail freight.

While tolls from through rail traffic alone would not be enough to reward investment in a Channel tunnel, the security offered by a mix of road and rail revenue makes this project exceptionally robust —which is why the government's assessors selected it.

Richard Hope.
Quadrant House,
Sutton, Surrey.

The guru factor

From Mr G. Leman.

Sir,—Whatever Henry Mintzberg (The guru factor, July 28) may say, the halves of the brain have nothing to do with good management thinking.

The "science" of this split brain theory is profoundly silly. It says that we think logically in words and numbers with the left half of our heads, creatively in pictures with the right half. So a poet, novelist, or playwright can't be creative because he works in words, while an engineer can't be logical because he works by making drawings. Good theory.

It's neurological nonsense too. The intact brain, far from being split, is connected from left half to right and from right half to left by a tissue called the "corpus callosum," consisting of many millions of nerve fibres, about one for every hundred neurons in the brain, which means that the two halves of the brain are connected together so intensively they work as one. Which is why poets can be creative and engineers logical, just as we always thought they could.

As any competent human scientist will tell you (brain researchers among the first) at the level of explanation of managers' behaviour on the job, we will never get anywhere by looking inside the individual, nor even by looking at the isolated individual as a whole. We have to look at the whole person in the whole situation, according to the classic "WPWS" rule.

When we do just this, it is immediately clear that we have to do with role playing. If we tell our people, or let them think, that their job is to be hard-nosed analysts rather than free-wheeling ideas men, then that is what they will publicly "be" on company time, no matter how rich their sexual fantasies or how mind-blowing their efforts as Sunday painters. Conversely, if we tell them or let them think that their job is to be creatively brilliant, never mind how unsound, then that, too, is what they will publicly "be" in the office, even though they are quite capable of seeing the logico-mathematical flaw in the proposition that halving their salaries would give them twice as much money.

What we do need to do, therefore, is to show our people that we want them to have ideas as well as check out other people's ideas, and check their ideas as well as have them. If we can't find people who can do both, well we have to balance our teams to make up for it. Reason is sterile without imagination. Imagination is mad without reason. We don't have a choice, we have to have both.

Grahame Leman.
11 Shakespeare Road, W.3.

Bet on the tortoise

From Mr J. Forrest

Sir,—Does Mr I. Walker (July 29) really suggest that due to advances in computer technology money purchase pension schemes are now better value than final salary schemes? Surely not. He further claims that money purchase arrangements can provide adequate pensions in return for adequate contributions, but he completely fails to tackle the problems of defining contributions and pensions in a money purchase scheme. This problem is best illustrated by an example:

Most people, perhaps even readers of the FT, would agree that £1m is an adequate amount with which to purchase a pension in 1986, but, I suggest, the adequacy of this amount in 2016 is much less certain. Its adequacy or otherwise at that date would depend on the cost *of living, the standard of living* of the individual concerned and the cost of purchase of pension in 2016. I would, however, suggest that with a pension of two-thirds of final salary an individual would be able to retire in 2016 and live in his accustomed style. Any scheme which funds for this target pension will be able to promise adequate benefits to its members.

The new breed of money purchase scheme might run faster and jump higher than the old one, but the final salary tortoise still looks a good bet to me.

John Forrest.
25a, Lygon Rd, Edinburgh.

Large energy resources

From Mr P. Watts.

Sir,—Mr Ross (July 23) asks why the Central Electricity Generating Board wants to build the nuclear station it proposes for Sizewell when on the evidence of its own scientists wind power and wave power are potentially large energy resources. The answers, as given by the CEGB to the Sizewell enquiry are as follows.

It is not the size of a resource that matters so much as its economic accessibility. Even *when developed wind power* and wave power would have overall costs for kWh twice those of Sizewell B.

The design of wind turbine generation of any significant size still requires considerable development and is unlikely to be available in an economic form until the end of the century, by which time the CEGB would have had to instal nearly 10,000 MW of plant merely to meet load increase and plant retirement. Wave power is even more remote.

There are considerable environmental hurdles to be covered *if an array of wind* turbine generation is to be installed with capacity equal to that of Sizewell B — 1,200 separate sites would be needed with a spacing between them of one kilometre or more. Offshore wind turbine generators should be less obstrusive but would be more expensive.

The CEGB articles about the size of these resources to which Mr Ross refers are no more than refinements of the magnitudes given by CEGB to the inquiry.

P. E. Watts.
(Economic Adviser),
CEGB, 15 Newgate Street EC1.

Marriages myth

From Mr M. Stimpson

Sir, — I regret to have to inform John Ecklin (July 30) that, far from damning the statistical lie perpetrated by the article of July 23, the counter he offers, namely, that $1\frac{1}{2}$ per cent of marriages break up each year, only serves to authenticate the distressing "myth" that one in three marriages breaks up.

Assume that an average marriage lasts 22 years. If $1\frac{1}{2}$ per cent break up per annum, then $22 \times 1\frac{1}{2} = 33$ per cent will have broken up by the end of this period.

This does not mean, however, that the longer one is married, the more likely one's marriage is to break up. Does it?

M. R. M. Stimpson.
4 Braid Hills Avenue,
Edinburgh.

UK COMPANY NEWS

Morgan Grenfell raising $200m via FRN issue

BY DAVID LASCELLES, BANKING CORRESPONDENT

Morgan Grenfell, the merchant banking group which recently obtained a listing, yesterday raised $200m (£134m) through an issue of perpetual floating rate notes on the Euromarkets.

Mr David Ewart, the finance director, said the proceeds would be placed in the group's bank, Morgan Grenfell and Company where they would rank as primary capital under Bank of England rules.

This will enable Morgan to write "bigger tickets" for individual clients according to the rulings on large exposures, he said. At the moment, these restrict Morgan to a maximum of £50m-£60m per single obligor.

Following the listings, when Morgan raised an additional £154m in equity capital, the group's total capital resources now amount to £560m, making it one of the UK's largest merchant banking groups.

Yesterday's issue was managed by Morgan Stanley, the US investment bank. The terms were 50 basis points over the London Interbank Offered Rate (Libor) for the first five years, 37½ points for the next five years, and 25 points after year 11. The notes were priced at par.

The issue is callable after five years but only with the permission of the Bank of England.

Perpetual floating rate notes were allowed as primary capital last year after the Bank of England laid down conditions to ensure that the proceeds would provide a cushion against losses by the issuing bank.

Lex Service expanding in US

Lex Service, the motor distribution group, unveiled plans yesterday to acquire Richey/Impact Electronics, a privately owned US electronic components distributor, for $13.5m (£9.1m).

Although Lex's own electronic components distribution division in the US has fared badly during the electronics sector slump, Richey/Impact, which specialises in the less volatile market of connectors, has remained relatively sheltered from the recession.

Once the deal is concluded Richey/Impact will function as an autonomous sales and marketing operation within Lex's US electronics division. In the six months to June 30, Richey/Impact produced profits of $243,000 (£163,000) before tax and interest.

The acquisition will be funded by the issue of 2.8m new ordinary Lex shares with the balance paid in cash. The final amount payable will be determined by the valuation of Richey/Impact's assets, but is not expected to be markedly different from the initial consideration of $13.5m. Some 1.8m of new shares were placed yesterday by the stockbrokers Phillips and Drew — the Lex share price fell by 6p to 309p —the rest will be retained by the vendors of Richey/Impact.

When Lex's interim results were unveiled this week they showed an 87 per cent increase in pre-tax profits to £14.8m, in spite of the continued losses from the US electronic components division.

Egerton raising £4m via rights and placing

BY RICHARD TOMKINS

Egerton Trust, the property company whose main interests are in nursing homes and sheltered housing for the elderly, is to raise £4.14m net through a rights issue and placing of convertible preference shares.

The issue was forecast last month when Egerton Trust announced pre-tax profits of £647,000 for the first half of 1986 against £413,000 the year before. It said at the time that a rights issue would be made to increase its capital base.

Some 3.3m 7 per cent convertible cumulative redeemable preference shares of £1 each will be offered at par at the rate of one for every five ordinary shares held, and another 1m of the preference shares will be placed with institutions.

Egerton has spent heavily on acquisitions of nursing homes and sites for sheltered and private housing since its transformation from the old Caparo Properties in February.

The purpose of the rights issue is to meet the cost of this expansion and finance the company's current development programme.

Holders of 10.1m ordinary shares, including all the executive directors and Investors in Industry, have undertaken to subscribe for 61 per cent of the issue, and the rest has been underwritten by the company's brokers, Capel-Cure Myers.

Egerton said firm foundations had been laid by the enlarged group and plans for further expansion were already in hand. The board looked forward to the future with confidence.

Int. Leisure chief tries to sell shares

MR HARRY GOODMAN, chairman of International Leisure Group, and fellow directors yesterday tried to sell some 3m-4m of their shares in the company, about 7 per cent of its equity. But they could not complete the placement because of market conditions.

The company's shares closed at 125p, up 1p on the day. Directors hold 16m shares, with Mr Goodman having 11.7m.

The company said the attempted placing by brokers Scrimgeour-Vickers would have been the first sale by directors for at least a year. It was designed to "balance personal investment portfolios."

It had been attempted now because the company's annual report had recently been published making it a time of maximum information disclosure.

Pergamon sells £30m businesses to Hollis

By David Goodhart

MR ROBERT MAXWELL'S privately-owned Pergamon Press has taken another step towards becoming an investment holding company with the sale of several businesses, valued at £30m, to Hollis Brothers.

The sale to Hollis, which is 82 per cent owned by Pergamon, follows the sale last March of the journal publishing division of Pergamon to Mr Maxwell's British Printing & Communication Corporation for £238m.

This strategic shift from the Maxwell family private business to publicly quoted vehicles leaves Pergamon owning a controlling stake in BPCC and Hollis, some remaining book publishing interests, Mr Maxwell's cable and satellite television concerns, and Mirror Group Newspapers. The latter is likely to be floated when it is sufficiently profitable.

The companies to be acquired by Hollis are: the Aberdeen University Press and its 87 per cent owned typesetting subsidiary E. J. Arnold; Celtez and its subsidiaries; Pergamon Technical Services International; Pergamon Infotech and Millar and Bryce Milthorp.

Hollis will raise the cash by issuing £10m of a new class of "B" share and £20m of convertible loan stock. The company — which has Mr Kevin Maxwell, son of Mr Robert Maxwell, as one of its managing directors—said the acquisitions would increase the quality of profits and transform it into a major participant in the expanding professional services market.

The board is proposing a dividend for 1986 of 1p a share which, it said, would have been 3p if the enlarged group had covered the whole year.

●It was also announced yesterday that Pergamon Books has sold the English-language teaching programmes of the Pergamon Institute of English to Simon & Schuster, part of the US company Gulf and Western, for an undisclosed sum.

Extel plans purchase of New York publisher

BY TERRY POVEY

Extel, sporting and financial information, printing and publishing group plans to purchase the Dealers' Digest financial publishing company in New York for $40m (£26.8m).

This expansion into the US comes only three months after the Takeover Panel blocked a possible bid for Extel from Mr Robert Maxwell for one year. The Panel ruled that Mr Maxwell had acted in concert with the Demerger Corporation, which itself failed with a £170m bid for Extel in April.

Next week the full panel is due to consider Mr Maxwell's objection to the length of the blocking. Mr Maxwell, through Priory Nominees, still holds a 13 per cent stake.

Mr Alan Brooker, Extel's chairman and chief executive, said that the acquisition fitted in with the group's increasing emphasis on computer-based services and would "provide a sound base for Extel in the US domestic market."

The most attractive features of Dealers' Digest are its three on-line database services, said Mr Michael Dineen, Extel's director responsible for financial and business services, who is to become chairman of Dealers' Digest.

The three services cover US domestic issues, US municiple issues and international issues. A fourth, covering US merkers and acquisitions, is due later this year. In addition Dealers' Digest publishes four financial periodicals and four newsletters.

To finance the acquisition $38.5m will be met by the issue of 7.88m new shares to the vendors, of which 6.31m will be conditionally placed at 330p with institutions an dthe rest retained. Existing shareholders are being offered the shares at the same price on the basis of about one-for-seven. Extel's shares closed unchanged yesterday at 358p.

The remaining $1.5m will be paid for with non-interest bearing loan notes.

Both the acquisition and the issuing of shares are dependent on shareholder approval and an extraordinary general meeting is being held on August 29. The board will also be seeking power to allot shares up to a maximum nominal amount of £2m. According to Mr Dineen only simple majorities will be required.

In the year to August 1985, Dealers' Digest made pre-tax profits of $757,000 ($845,000) on a turnover of $7.94m ($4.7m).

Priest Marians talks to Lincroft

BY ALICE RAWSTHORN

Priest Marians, property company, has acquired a 26.48 per cent stake in Lincroft Kilgour, textile and investment group, for £2.9m cash and begun discussions with the Lincroft board with a view to mounting a friendly bid.

Lincroft has been the subject of takeover speculation since it repulsed a hostile bid from John Finlan, construction company, in autumn 1984.

Before yesterday's purchase Priest Marians held a negligible stake. It acquired the holding of 1.2m shares from Mr Jeffrey Steiner, the Austrian-born Bermuda-based arbitrageur, for 240½p a share. A bid at this level would value incroft at £10.8m. Mr Steiner has resigned from the Lincroft board.

Priest Marians will finance part of the purchase through the placing of 550,000 new ordinary shares by its stockbrokers, Lawrence Prust, to raise £1.2m. The balance will be funded from the proceeds of a £4.5m rights issue staged by the company in May.

Priest Marians' share price remained unchanged at 248p yesterday. Lincroft's shares fell by 12p to 228p.

"Lincroft is an interesting company to us primarily because of its activities in textile design," said Mr Simon Fussell, Priest Marians' chairman and chief executive. "But it would also provide a steady income stream for our investment in property in the West End of London."

Mr Fussell is adamant that Priest Martins would not contemplate a hostile bid. He expects o conclude negotiations and to mount a formal bid.

Broad Street reverses into Stanelco

By David Goodhart

Broad Street Associates, one of the best known public relations groups in the City, has confirmed that it is going ahead with the reverse take-over of the small USM-quoted heating equipment company, Stanelco.

Stanelco is expanding its share capital from 3.4m to 20.4m and Broad Street will end up with about 69 per cent giving it a public quotation and a base from which to make more take-overs. About 10 per cent of the new company, to be called Broad Street Group, will be placed with outside investors.

The share issue is based on a forecast of pre-tax profits of £850,000 for Broad Street and the combined group is likely to be valued at just under £10m.

Assuming the deal is approved at Stanelco's egm on August 26 four new executive directors will join the board from Broad Street. Mr Roy Close, the non-executive chairman of Broad Street, will become chairman of the new group.

Mr Michael Johnson, managing director of Stanelco Products, will join the board but Mr George Whittaker and Mr William Wilkinson will resign.

Rowland-Jones ousted at Bremner–then returns

MR JAMES ROWLAND-JONES chairman of Bremner, the Glasgow store group, was yesterday voted out of office in the latest round of a highly public row with two former directors — but promptly regained the chairmanship again.

The bizarre turn of events took place at a reconvened annual general meeting in Manchester. The original one had been adjourned by Mr Rowland-Jones on July 3.

The dispute at Bremner emerged publicly in June when Mr Rowland-Jones gave readers of his annual report an unusual and vivid attack on the actions of Mr Michael Black, the former chairman, and Mr Lionel Casper, another former director.

At yesterday's meeting, a motion to re-elect Mr Rowland-Jones was defeated by 4.5m votes to 3.5m, with Mr Black and Mr Caspar leading the opposition.

But Mr Rowland-Jones, staging a similar comeback to the one he made at Raglan Property some years ago, was immediately co-opted back onto the board and into the chair by the surviving directors.

And hewarned his opponents: "If an EGM is sought to remove me, we shall seek the protection of he courts. If they thought I was fighting rough, they haven't seen anything yet."

At the meeting, he attacked London Life, an institutional shareholder which voted against his re-election, accusing it of having "meddled and interfered with htis company." London Life laer denied this.

Mr Edward Richardson, investment manager, confirmed it had voted to remove the chairman. "We weren't terribly happy about the way events have been handled recently," he said.

London Life had supported the previous board at the time it had originally taken control, but had had little contact with it since.

Johnson Fry for USM

BY ALICE RAWSTHORN

Johnson Fry, a licensed securities dealer which has emerged as one of the most active sponsors of the business expansion scheme, plans to go public through a placing on the USM at the end of this year.

The company was formed in 1969 as a mortgage and insurance broker. It diversified into investment management in the 1970s and, two years ago, began to sponsor business expansion scheme issues. It now manages an investment portfolio worth £25m and has invested £38m in 23 companies through the business expansion scheme.

"We have decided that the time has come to expand through acquisition, by acquiring companies in related areas of the financial services field," said Mr Charles Fry, chairman and joint managing director. "The placing will also enable us to invest in several of the companies we deal with through our venture capital activities."

Johnson Fry's placing will be sponsored by the stockbrokers, Rowe & Pitman Mullens. Some 25 per cent of the company's equity will be released. At the moment Mr Fry holds 84 per cent of the company and his fellow joint managing director, Mr Kevin Barker, has the balance.

In the current financial year, to October 31, Johnson Fry is expected to produce pre-tax profits of £550,000 on turnover of £1.7m. This compares to pre-tax profits of £468,294 and turnover of £1.737m in the 18 months to October 31 last year.

The company expects to grow at a far faster pace in the early 1990s, however, when its business expansion scheme investments come to fruition. From 1990 onwards Mr Fry expects to glean £1m a year from the realisation of its scheme investments.

Hawley complicates BET/Brengreen bid

Mr Michael Ashcroft's Hawley Group has continued to complicate BET's agreed £31m bid for Brengreen by raising its stake in Brengreen by another 1 per cent to 20 per cent.

Mr Ashcroft himself continues to remain silent on his motives for building up the stake. Unless BET or a third party increases the offer for Brengreen, Hawley is unlikely to make much of a profit on recent increases to its stake so the aim is probably either to make a new bid or block the BET takeover.

If Hawley was to make a counter-bid it would have to be in cash as assurances were made during the recent successful bid for Pritchard Services Group that there would be a strict limit on the amount of new equity issued for a period.

It would not be the first time that Hawley has blocked an agreed bid, if that is its intention. Three years ago it did so in a bid involving Nu-Swift.

Mainmet dividend

Mainmet Holdings, Bradford-based supplier of energy conservation products, is paying its first dividend since joining the USM in 1983, with pre-tax profits up from £27,000 to £120,000. A single final payment of 1p for the year to May 31, 1986, is being proposed.

Turnover was up at £1.94m, against £1.68m. Earnings per 10p share came out at 3.52p (1.25p).

Two board changes have been announced. Mr J. N. Smallwood, chairman, will retire following the annual meeting, to be replaced by Mr George Towler, at present joint managing director. The other managing director, Mr Bert McFadden, has resigned but will remain on the board, with Mr Eric Smith becoming joint managing director.

Abaco rights

Abaco Investments' rights issue has been taken up in respect of 29.86m shares (98.07 per cent). British & Commonwealth Shipping and Canada Life Assurance took up their rights in full, making their stakes now 21.04 per cent and 11.68 per cent respectively.

MY in £4m purchase

BY PHILIP COGGAN

MY Holdings, the industrial group, has announced the agreed £4.1m takeover of Sharp Interpack and Cathedral Compounds, together known as the Sharp Companies, manufacturers of transparent plastic packaging products. Consideration will be in the form of 11.08m new MY ordinary shares at 37p each, of which 1m will be retained by the vendors and the remainder placed for cash.

In addition, MY will issue a further 4.11m ordinary shares to pay off some £1.1m of Sharp's debt. In total, 15.19m shares will be issued (74 per cent of the existing share capital) and current shareholders will be entitled to apply for 72.39 per cent of them, in the proportion of one new share for every two ordinary shares or deferred ordinary shares held.

MY recently withdrew from a takeover attempt for Standard Fireworks after Scottish Heritable Trust made a counterbid. There has been much speculation about the possibility of a takeover of MY itself, following the successive build up of stakes by Mr Lewis Cartier, Mepstar Finance, Timsa 69 and latterly Coast Investment and Development. The last-named currently holds 22.4 per cent of the share capital and intends to apply for its maximum allocation under the offer terms.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cardiff Prop. ....int	0.6	Sept 15	0.6	—	1.8
Forminster	4.5	—	4	6.53	6.03
Mainmet Hldgs	‡1	—	nil	1	nil
Neepsend	0.1	—	0.1	0.1	0.1

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Metal Sciences calls in receivers

By Richard Tomkins

Metal Sciences, a USM start-up venture formed three years ago to develop a process for making industrial abrasives, yesterday called in the receivers after running out of cash.

Its share issue was a big success in 1983 when it was subscribed more than 100 times at 11p. The shares trebled their value in early dealings but steadily declined from then on, and yesterday they were suspended at 6½p.

The company was originally chaired by Sir Monty Finniston, the industrialist and former British Steel chief. Its main aim was to develop and market a product called BritGrit, a scouring material used in industrial shotblasting processes.

BritGrit did go into production in May last year, but sales ran behind schedule and the company reported losses of £259,000 in the half-year to last August following losses of £269,000 the year before.

With the company running out of cash, a rescue was arranged last autumn by a private company, John Delaney. It was at this stage that Sir Monty Finniston resigned.

Mr Peter Hay, the company's managing director, said then that he was confident the £268,000 refinancing agreement with Delaney would see Metal Sciences through its financial difficulties, but yesterday it appeared that the company had failed to achieve a profit before the money ran out.

In spite of the higher risks usually associated with investments in the Unlisted Securities Market, this is only the seventh company to have called in the receivers since the market was founded in 1980. The others were American Communication Industries, Euroflame, Hesketh Motorcycles, Io Technology, Castle (GB) and ICC Oil Services.

See Lex

Lifecare in receivership

Lifecare International, the nursing homes and sheltered housing group, called in the receivers yesterday. Its shares were suspended shortly after dealings began at 22p.

Last month the company announced that it would be passing the half-yearly dividend on 1.1m convertible preference shares, but said current trading suggested that it should be able to return to the dividend list at the end of the year. In 1985 its pre-tax profits rose from £163,000 to £314,000.

Lifecare had a profitable business in running nursing and residential homes. However, its sheltered housing developments were a heavy drain on cash and completions were running more slowly than expected.

Peat Marwick Mitchell's receiver said efforts would be made to sell the business as a going concern but it was too early to say whether shareholders would recoup any of their investment.

More acquisitions for John Crowther

John Crowther Group, the expansion minded textile group, yesterday announced two further acquisitions to add to its growing collection of carpet and clothing manufacturing companies.

The company is paying £350,000 for Maydella Manufacturing, a company which manufactures children's wear for Marks & Spencer, plus a further deferred consideration of £375,000 which will be conditional on profits performance. Crowther has also acquired the assets of White Heather Floorcoverings from Courtaulds Distributors for a cash consideration of £500,000.

Crowther also announced that its offers for Sunbeam Wolsey and A & J Gelfer have become unconditional.

F & H offer oversubscribed

The offer for sale of shares in F & H Group, the Luton-based supplier of control systems for industrial plant, was oversubscribed. Applications were received for 3.61m shares compared with the 3.58m on offer.

Applications for up to 350,000 will be met in full and applicants for more than 350,000 will receive 94.7 per cent of the number sought. Dealings on the USM are expected to begin next Thursday.

Aim Group

The chairman of Aim Group is now Mr J. A. Legon, not Mr R. MacDonald-Hall as stated in yesterday's FT.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Aug 1 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thur July 31 Index No.	Weds July 30 Index No.	Tues July 29 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	697.90	+0.3	8.78	3.51	14.52	10.59	695.68	697.25	698.64	515.18	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	782.45	+0.1	9.04	3.69	13.90	12.81	781.41	782.66	788.70	533.09	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (30)	1198.81	—	7.97	3.80	17.17	18.95	1198.96	1200.29	1193.34	821.08	1280.78	2/7	911.08	23/1	1280.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1814.42	+0.2	8.68	4.22	15.09	34.65	1810.58	1803.04	1796.70	1319.48	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1603.44	+1.0	9.46	2.94	14.15	22.95	1587.02	1581.31	1565.24	1444.63	1794.13	30/4	1387.58	24/1	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	389.74	−0.4	9.90	4.17	12.87	6.76	391.20	392.60	388.07	279.62	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	342.87	+0.2	8.55	4.17	14.85	5.18	341.26	339.35	336.23	183.83	380.80	2/7	241.87	2/1	380.80	2/7/86	49.65	6/1/75
9	Motors (16)	288.10	−0.2	9.16	3.36	12.74	3.78	288.54	290.44	286.76	156.14	322.48	3/7	206.58	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (22)	1237.82	+0.6	6.79	3.20	17.72	17.26	1230.47	1243.59	1225.10	983.22	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (183)	896.73	+0.2	8.04	3.29	15.65	12.66	894.66	898.66	888.14	659.66	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	988.30	+0.5	9.54	3.54	12.84	12.50	983.38	987.39	908.16	627.79	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (22)	667.22	+1.4	9.48	3.90	13.80	12.20	657.76	655.73	652.16	486.88	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1797.70	+0.9	6.49	2.89	21.23	16.13	1781.37	1787.47	1760.38	1590.73	1976.34	14/4	1629.03	21/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1509.13	−0.3	5.54	2.29	21.34	11.74	1513.13	1521.65	1505.11	1054.63	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (28)	895.02	+0.8	8.01	4.02	16.34	19.23	888.00	890.30	875.66	617.53	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2443.03	−0.5	7.86	4.10	16.42	48.48	2455.97	2465.30	2446.26	1745.78	2655.71	4/7	1834.16	9/1	2655.71	4/7/86	55.08	6/1/75
33	Packaging and Paper (14)	459.97	−0.1	7.18	3.46	18.16	6.75	460.46	464.50	458.76	336.49	495.35	1/7	362.52	9/1	495.35	1/7/86	43.46	6/1/75
34	Stores (39)	850.10	−0.3	7.06	2.94	19.26	10.49	852.49	859.62	842.11	662.53	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	521.89	+0.3	10.01	3.71	11.57	8.94	520.40	523.47	513.94	307.21	574.78	1/7	375.50	14/1	574.78	1/7/86	62.66	11/12/74
36	Tobaccos (2)	1108.90	−0.7	13.54	4.41	8.16	20.60	1117.24	1121.70	1108.07	808.59	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (88)	746.17	+0.1	9.03	4.23	14.26	13.53	745.36	746.86	744.02	676.50	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (20)	913.48	—	9.60	4.53	12.69	19.49	913.12	916.48	915.40	685.99	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	240.02	+0.5	7.74	4.41	15.62	4.65	238.84	238.80	235.97	194.76	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (13)	1452.04	+0.1	7.98	4.31	15.87	28.44	1450.22	1460.80	1448.24	1127.57	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	773.52	+0.3	11.10	4.75	12.31	16.67	770.86	768.25	765.10	879.08	1050.03	4/4	741.46	24/7	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1012.56	−0.1	6.78	3.40	18.48	11.84	1013.96	1019.43	1016.08	820.09	1108.24	3/7	866.26	9/1	1108.24	3/7/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	816.67	+0.2	8.46	3.57	15.01	12.52	814.84	817.54	809.95	633.34	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1182.28	+0.3	17.29	7.57	6.92	41.46	1178.92	1187.48	1173.38	1126.94	1228.81	26/6	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	849.04	+0.2	9.41	4.00	13.34	14.81	847.08	850.25	842.13	674.85	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (117)	590.69	−0.2	—	4.54	—	11.26	591.80	596.76	594.59	469.54	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	632.21	−0.6	18.95	5.59	7.24	14.03	635.83	643.83	650.00	476.02	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	827.97	+0.8	—	4.51	—	17.27	821.60	834.08	819.01	721.78	913.47	7/7	765.18	23/1	913.47	7/7/86	44.88	2/1/75
66	Insurance (Composite) (7)	474.45	—	—	4.38	—	9.46	474.23	480.34	478.39	362.97	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1210.54	−0.5	8.63	3.95	15.15	23.40	1216.38	1217.80	1207.96	1066.54	1315.27	12/2	1139.48	13/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (12)	326.36	−0.5	—	3.51	—	4.56	328.15	325.96	323.87	227.13	390.22	1/7	277.36	24/1	390.22	1/7/86	31.21	7/1/75
69	Property (50)	776.96	−0.2	5.58	3.53	23.75	10.95	778.43	781.13	773.12	633.35	807.14	11/7	635.84	23/1	807.14	11/7/86	56.01	20/4/65
70	Other Financial (23)	335.36	−0.6	8.69	4.61	14.36	5.98	337.26	336.71	334.82	266.31	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (101)	745.61	+0.1	—	3.03	—	10.09	745.04	746.02	743.03	571.48	768.09	7/7	633.36	14/1	768.09	7/7/86	71.12	13/12/74
81	Mining Finance (2)	244.74	+1.3	14.73	6.55	7.92	6.11	241.58	245.24	247.42	243.47	331.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	619.62	−0.9	12.23	7.01	9.71	19.63	625.18	636.04	639.06	606.73	707.32	1/7	597.55	2/1	707.32	1/7/86	97.37	6/1/75
99	ALL-SHARE INDEX (734)	773.01	+0.2	—	4.89	—	13.67	771.88	775.34	769.09	615.95	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	July 31	July 30	July 29	July 28	July 25	Year ago								
	FT-SE 100 SHARE INDEX ‡	1561.8	+3.7	1561.8	1554.9	1558.1	1566.3	1556.4	1549.4	1545.8	1280.4	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri August 1	Day's change %	Thur July 31	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	122.27	+0.07	122.19	—	6.09
2	5-15 years	140.35	−0.06	140.43	—	7.99
3	Over 15 years	148.01	−0.10	148.16	—	7.93
4	Irredeemables	163.05	−0.26	163.48	—	7.27
5	All stocks	136.74	−0.03	136.78	—	7.60
	Index-Linked					
6	5 years	113.39	+0.01	113.38	—	1.18
7	Over 5 years	115.16	−0.10	115.27	—	1.99
8	All stocks	114.81	−0.08	114.90	—	1.84
9	Debentures & Loans	119.83	−0.01	119.85	—	5.88
10	Preference	84.54	+0.09	84.46	—	3.73

	AVERAGE GROSS REDEMPTION YIELDS		Fri August 1	Thur July 31	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	8.24	8.23	10.15	10.26	20/1	7.37	18/4
2	Coupons	15 years	9.25	9.22	10.28	10.65	20/1	8.32	18/4
3		25 years	9.28	9.25	10.28	10.65	20/1	8.33	18/4
4	Medium	5 years	9.57	9.55	11.02	11.89	14/1	8.58	18/4
5	Coupons	15 years	9.57	9.55	10.64	11.15	20/1	8.58	18/4
6		25 years	9.57	9.55	10.21	10.74	20/1	8.58	18/4
7	High	5 years	9.74	9.72	11.11	12.07	20/1	8.73	18/4
8	Coupons	15 years	9.72	9.70	10.78	11.32	20/1	8.73	18/4
9		25 years	9.56	9.54	10.29	10.81	20/1	8.73	18/4
10	Irredeemables †		9.26	9.23	10.07	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.86	3.83	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs	3.56	3.55	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10%	5 yrs	2.62	2.58	0.0	4.23	14/1	2.11	29/4
14	Inflat'n rate 10%	Over 5 yrs	3.40	3.39	0.0	3.85	14/1	3.09	19/5
15	Debs &	5 years	10.01	10.00	11.60	12.78	27/1	9.72	8/7
16	Loans	15 years	10.43	10.43	11.46	11.93	4/2	9.79	22/4
17		25 years	10.49	10.49	11.32	11.83	21/1	9.69	17/4
18	Preference †		10.88	10.90	12.43	12.18	24/2	10.30	9/6

‡ Opening index 1555.0; 10 am 1556.6; 11 am 1557.0; Noon 1558.4; 1 pm 1558.9; 2 pm 1558.7; 3 pm 1558.5 3.30 pm 1559.0; 4 pm 1559.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

INTERNATIONAL COMPANIES and FINANCE

Greyhound boosted by disposal gain

BY TERRY DODSWORTH IN NEW YORK

GREYHOUND, the US intercity bus group which is moving increasingly into the consumer products sector, achieved a 12 per cent increase in profits in the second quarter of this year, but only after booking a substantial $89m gain from the sale of its stake in Conagra, the food processor.

Net income amounted to $46.6m, or 99 cents a share—up from $38.9m, or 80 cents a share in the same period of last year. Sales declined to $859m from $894m. At the operating level, however, before allowing for non-recurring items, the company suffered a decline in profits to $23.8m, or 50 cents a share.

In the first six months of the year, net income was marginally down, at $56.8m, or $1.20 a share, against $57.9m, or $1.19 a share, while revenues increased to $1.61bn from $1.57bn.

The non-recurring items in the second quarter reflected the impact of wide-ranging changes in the company's business as it shifted its focus away from the intercity bus operations for which it became famous. Set against the gain on the Conagra sales, the group made a provision of $14.8m for severance pay and other expenses related to the conversion of Greyhound depots into independent commission agencies, and $43.8m provision for losses on its European shipping loans.

The company also took an $8.1m charge for anticipated losses resulting from placing its Pine Top Insurance subsidiary under the control of the Illinois Department of Insurance for orderly rehabilitation.

Mr John Teets, chairman, said that the group's operating results this year had been hit by escalating insurance costs across all companies, unfavourable underwriting results at its Verex and Pine Top divisions, and softness of demand in its bus manufacturing division.

MAS decline quickens in second half

By Wong Sulong in Kuala Lumpur

MALAYSIAN Airline System (MAS), the national flag carrier which was floated on the Kuala Lumpur stock exchange last December, has reported a 20 per cent drop in pre-tax profits to 108.7m ringgit (US$41.5m) for the year ended March, on revenues which were marginally higher at 1.33bn ringgit.

The decline in profit was more severe in the second half, and had been anticipated by the airline because of the Malaysian economic recession. The result none the less exceeded the projected earnings of 106.4m ringgit made in its prospectus.

Net profits were 105m ringgit compared with 131m ringgit previously.

MAS is paying a 10 cents a share dividend, taking up 35m ringgit. It promised only 8 cents in its prospectus.

The airline expects an improvement in earnings for the current year due to lower fuel costs and the expansion of its international network.

IMC loss bigger than expected

BY OUR NEW YORK STAFF

INTERNATIONAL Minerals & Chemical (IMC), the world's biggest fertiliser company which has been hit by the recession in the farm belt, yesterday upset Wall Street by reporting a higher than expected fourth-quarter loss of $218m.

The company had warned two months ago that losses for the period could range between $105m and $150m because of the need to write down several assets. Following yesterday's news, however, the shares fell $1½ to $29 on the New York Stock Exchange.

Mr George Kennedy, IMC's chief executive, said that the company has made "important progress in addressing problems, assessing the business and preparing the company for better-balanced performance in the future." He noted that the fertiliser business earned $21.7m before one-time charges and continues to suffer from low prices and poor volume.

The company, he added, is well positioned for a turnround in the fertiliser industry but he declined to forecast earnings for fiscal 1987.

The company reported a net loss of $217m or $8.04 a share, for its 1986 fiscal year ended June 30 which compares with net income of $121.3m, or $4.45 a share, last year.

Included in the 1986 results are losses from discontinued operations of $137.4m, or $5.08 a share, associated with the planned disposal of the group's industrial products and gas and oil businesses. The net loss from continuing operations in 1986 included net write-offs and charges totalling $74.7m, $2.76 per share.

The bulk of the write-offs applied to operating results of the fertiliser segment and included principally the write-offs of an investment, settlements of certain contracts and losses on the planned disposal of facilities.

The group's sales were unchanged at $1.17bn in the latest year.

Horten to sell Hahn unit

By David Brown in Frankfurt

HORTEN, the West German department store subsidiary of BAT Industries of the UK, is negotiating the sale of a loss-making clothing subsidiary Paul Hahn.

The group also announced a 20.5 per cent rise in turnover in the first five months of its current year to about DM 1.3bn ($622m)—excluding several subsidiaries—and has forecast a "good result" for the full year.

Peter Hahn's troubles were one reason why Horten was forced to omit a dividend on its 1985-86 business year. The subsidiary lost DM 24.6m on DM 86m in sales in Germany. A restructuring programme has been instituted at the affiliate but the management expects an unchanged result this year.

The group as a whole turned in a loss of some DM 84m last year on sales of DM 2.9bn because of its restructuring costs. The department store operations have, however, been successfully reshaped.

Problem loans put AAIB in red

BY TONY WALKER IN CAIRO

ARAB AFRICAN International Bank (AAIB), majority owned by the Egyptian and Kuwaiti financial authorities, suffered a US$96.9m loss in 1985 after a tenfold increase in provisions for problem loans, including a large amount owed by Sudan.

AAIB, which made a $17.1m profit in 1984, blamed the sharp reversal on "unstable conditions which prevailed in the Middle East, the Gulf region specifically, and international markets generally."

Provisions for bad debts increased by US$98m to stand at US$108.8m.

Money lent to Sudan since AAIB was established in 1964 was for development purposes. The Sudanese economy, which is heavily dependent on cotton for its export earnings, is on the point of collapse.

AAIB is one of a long list of Sudan's creditors which includes several US banks. Sudan's outstanding debts to AAIB of $150m are backed by collateral of $37.5m, some of it in cash.

AAIB's shareholders have doubled the bank's paid-up capital to $400m to assist it through its present difficulties. A first tranche of $100m in additional capital was paid on June 30. The second injection of $100m will be provided in early 1987.

Loans to Sudan were made through AAIB itself and its Bahrain-based subsidiary, Al-Bahrain Arab African Bank. AAIB's total assets dropped by 17.1 per cent in 1985, reflecting the depressed economic activity

European reshape for IBM

BY DAVID THOMAS

INTERNATIONAL Business Machines is to put greater stress on its telecommunications products as a result of a reorganisation of its European operations.

IBM is also giving more power to its subsidiaries in each country to take decisions without reference to IBM Europe's headquarters in Paris.

IBM Europe said yesterday that these changes, which will take effect from the beginning of September, reflected a continuing IBM desire "to delegate more responsibility to our business units."

In the past, there have been suggestions that IBM's customer relations have been affected by the requirement on IBM's subsidiaries to refer too many decisions to its European headquarters.

In future, IBM Europe's headquarters is to be given a mainly strategic role, with its operating subsidiaries being asked, for instance, to develop their own market plans.

The subsidiaries will also be asked to lay special stress on IBM's telecommunications products. IBM Europe said: "This is an area of business which we've made known we want to get more involved in."

As part of the reorganisation, IBM is also altering its reporting arrangements to its European headquarters.

IBM groups its European operations into five business units: one each covering the four largest countries—West Germany, France, the UK and Italy—and one covering the smaller countries.

In the past, the five units reported to one senior executive at IBM headquarters.

In future, responsibility for overseeing IBM's subsidiaries is to be split between two senior executives: Mr John Stanley will have responsibility for IBM in West Germany, France and Italy while Mr Renato Riverso will oversee the UK

BP opens forex operation in New York

By William Hall in New York

BRITISH PETROLEUM, one of the world's largest oil companies, has opened a money market and foreign exchange trading operation in New York which will enable the company to trade 24 hours a day in the world's financial markets.

The recently-formed money market division of BP North America (BPNA), a wholly-owned subsidiary of BP, will act as principal in foreign *exchange dealings, trade in* domestic money market instruments and manage short-term debt positions.

Together with similar foreign exchange trading facilities in London and Melbourne, Australia, the new unit will provide a 24-hour trading network within the BP group which manages around $3bn of liquid resources.

Mr Keith Cheveralls, who was in charge of foreign exchange trading for Hill Samuel International Banking Corporation, in New York, will head the new unit.

The new operation is the latest sign of BP's efforts to play an increasingly important direct role in the global financial markets. At the beginning of last year BP set up BP Finance International (BPFI) under Mr John Browne, who recently left to become chief financial officer of Standard Oil, BP's 55 per cent-owned US subsidiary.

BPFI was set up to manage BP's financial assets and liabilities and to take advantage of BP's financial strength through operations in worldwide capital, money and foreign exchange markets. Last year BPFI traded close to $100bn in the foreign exchange markets.

Renault offshoot up for sale

By Paul Betts in Paris

RENAULT, the troubled French state-owned car group, is in advanced negotiations with several European groups to sell its Bernard Moteurs subsidiary which makes small engines for pumps, construction equipment and lawn mowers.

The most likely buyer of Renault's small engine business, which has annual sales of more than FFr 300m ($44m), is Lombardini, an *Italian manufacturer of small* diesel motors

The sale of Bernard Moteurs is part of Renault's ongoing efforts to recentre its operations around its basic car and truck businesses

Bernard Moteurs has been losing money in recent years although it showed a net profit of FFr 339.5m last year. But this included FFr 337m in subsidies and surrender of debts from its parent

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*336)	300	37	48	53	6	8	10
	330	17	27	33	20	25	27
	360	9	15	18	40	43	47
B.P. (*573)	500	80	92	—	2	5	—
	550	37	48	65	13	20	28
	600	12	28	37	40	43	48
Cons. Gold (*421)	420	32	45	44	32	38	50
	460	15	25	27	62	67	75
	500	4	15	—	92	100	—
	550	2	—	—	142	—	—
Courtaulds (*266)	260	21	30	41	9	13	19
	280	13	18	30	20	25	30
	300	5	11	—	36	37	—
Com. Union (*302)	280	29	—	—	3	—	—
	300	17	27	37	12	16	19
	330	7	15	24	35	36	38
Cable & Wire (*667)	600	95	105	125	10	15	25
	650	50	68	90	22	35	45
	700	20	40	58	47	55	65
	750	8	20	—	85	88	—
Distillers (*710)	600	115	—	—	4	—	—
	650	75	—	—	12	—	—
	700	37	—	—	30	—	—
G.E.C. (*196)	180	26	32	38	4	6	8
	200	10	19	24	14	14	18
	220	5	10	—	26	26	—
Grand Met. (*383)	360	—	55	67	—	8	13
	382	30	—	—	18	—	—
	390	—	40	47	—	27	28
	420	12	25	—	42	47	—
I.C.I. (*989)	900	105	132	—	12	18	—
	950	67	97	112	25	35	44
	1000	40	67	77	50	57	67
	1050	18	44	55	84	85	95
Land Sec. (*323)	300	33	43	53	4	8	9
	330	15	24	35	14	17	19
	360	4	13	18	40	40	41
Marks & Spen. (*196)	180	23	30	36	3	5	8
	200	8	17	23	10	12	15
	220	4	9	16	25	27	29
Shell Trans. (*805)	700	113	127	—	3	9	—
	750	68	83	102	12	18	25
	800	30	47	72	30	42	43
Trafalgar House (*268)	260	19	26	35	7	10	14
	280	9	15	24	17	20	25
	300	6	8	—	33	35	—

Option		Calls Aug.	Calls Nov.	Calls Mar	Puts Aug	Puts Nov	Puts Mar
Lonrho (*203)	218	4	15	—	24	26	—
	220	—	—	18	—	—	29
	236	1	7	—	40	41	—
	240	—	—	9	—	—	47
	255	1	3½	—	59	60	—

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Brit Aero (*483)	460	35	55	70	10	19	22
	500	15	31	47	28	35	40
	550	2	15	25	70	70	73
BAT Inds (*395)	360	40	52	58	3	6	9
	390	18	30	37	11	18	22
	420	4	12	20	30	35	37
	460	0½	5	—	67	70	—
Barclays (*494)	460	37	55	65	3	12	17
	500	15	25	45	30	32	42
	550	2	13	22	67	72	77
Brit. Telecom (*190)	180	14	22	32	2½	7	10
	200	3	12	18	12	17	21
	220	1	6	9	30½	31	34
Cadbury Schweppes (*166)	160	11	17	23	3	8	11
	180	4	6½	13	15	19	21
	200	2	3	6	35	35	35
Imperial Gr. (*353)	300	55	63	—	1	2	—
	330	25	38	—	3	8	—
	360	10	18	—	20	23	—
Ladbroke (*344)	300	46	52	59	1½	2½	6
	330	21	29	40	6	9	12
	360	7	17	22	20	25	27
LASMO (*98)	90	12	17	25	4	9	12
	100	6	12	19	10	12	18
	110	1½	9	14	19	20	25
Midland Bk (*544)	500	45	60	74	3	9	17
	550	17	27	40	23	37	40
	600	2	9	22	70	75	80
P. & O. (*496)	460	37	48	65	4	13	18
	500	9	25	42	20	33	40
	550	2	10	20	63	65	70
Racal (*186)	160	28	38	42	2	5	6
	180	13	21	30	6	10	11
	200	4	12	18	16	20	22
R.T.Z. (*539)	550	15	42	50	17	27	37
	600	3	22	30	62	67	70
	650	1½	9	17	107	110	114
	700	1½	4	9	157	160	164
Vaal Reefs (*$53)	50	4¼	10	10½	2½	5½	6½
	60	1½	5	6¼	10	10½	12
	70	0½	3	—	19	20	—
Tr. 11¾% 1991 (*£108)	108	0¾	1⅛	1⅜	0¾	1⅛	2¼
	110	0⅛	0⅜	0⅜	2¼	3¼	3⅜
	112	0⅛	0¼	0⅜	4⅛	4¼	5⅛
Tr. 11¾% 03/07 (*£118)	116	2⅛	4⅛	5⅛	0⅝	2⅛	2⅜
	118	1¼	3⅛	4⅛	1⅛	3	4
	120	0⅜	2⅛	3⅜	2⅛	4	5
	122	0⅜	1⅛	2⅛	4⅛	5⅛	6¼

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Beecham (*405)	360	53	63	70	2	6	10
	390	32	40	50	10	17	23
	420	16	28	35	27	33	37
	460	6	15	23	58	65	68
Boots (*253)	220	38	—	—	2	—	—
	240	20	27	35	5	8	10
	260	10	17	26	15	17	21
BTR (*293)	280	23	33	45	6	12	17
	300	—	—	32	—	—	25
	307	8	18	—	20	27	—
Bass (*765)	750	33	65	75	18	25	35
	800	13	30	48	47	50	57
	850	6	15	30	85	90	90
Blue Circle (*576)	600	13	35	55	30	38	43
	650	5	17	32	80	80	80
	700	3	7	—	130	130	—
De Beers (*$5.90)	550	75	—	—	20	—	—
	600	40	75	85	38	60	75
	650	20	45	60	70	85	100
	700	9	30	—	120	125	—
Dixons (*330)	300	34	46	54	3	7	12
	330	14	24	34	12	16	22
	360	4	12	24	32	34	38
GKN (*345)	300	50	58	—	2	5	—
	330	30	39	48	7	10	15
	360	11	23	29	20	24	28
	390	3	8	17	48	51	54
Glaxo (*967)	900	100	130	—	25	35	—
	950	65	95	125	38	50	60
	1000	40	70	100	65	80	85
	1050	28	55	80	100	110	115
Hanson (*171)	135	40	—	—	1	—	—
	150	25	—	—	1	—	—
	160	16	23	28	3	5	8
	180	5½	13	17	12	15	18
	200	2	6	9½	30	30	32
Jaguar (*508)	460	62	68	—	3	10	—
	500	32	47	60	15	25	30
	550	12	25	40	48	53	58
Thorn EMI (*462)	420	52	70	82	5	12	17
	460	25	40	55	20	25	30
	500	6	23	37	45	47	52
	550	2	8	—	90	90	—
Tesco (*365)	300	70	—	—	2	—	—
	330	42	50	—	3	6	—
	360	18	30	45	10	15	22
	390	4	17	25	30	35	38

Option		Calls Aug.	Calls Sept.	Calls Oct.	Calls Nov.	Puts Aug.	Puts Sept.	Puts Oct.	Puts Nov.
FT-SE Index (*1560)	1525	62	75	92	107	8	17	25	34
	1550	43	58	72	90	17	25	35	44
	1575	28	45	58	75	30	38	43	55
	1600	17	32	47	—	47	55	58	—
	1625	9	22	37	—	70	72	77	—
	1650	5	15	27	—	95	97	100	—
	1675	2	8	18	—	120	122	125	—

August 1. Total contracts 12,545. Calls 8,404 Puts 4,141
*Underlying security price.

NORTH AMERICAN QUARTERLIES

BENEFICIAL CORPORATION
Financial Services

Second quarter	1986 $	1985 $
Revenue	542.5m	560.7m
Op. net profits	28.1m	24.7m
Op. net per share	1.08	0.93
Six months		
Revenue	1.16bn	1.12bn
Op. net profits	57.3m	49.1m
Op. net per share	2.22	1.84

JOHN BLAIR
Advertising time seller

Second quarter	1986 $	1985 $
Revenue	171.5m	162.3m
Net profits	1.7m	†5.9m
Net per share	0.15	†0.73
Six months		
Revenue	321.0m	299.8m
Net profits	†23.7m	†13.7m
Net per share	†2.42	†1.71

† Loss.

CIGNA CORPORATION
Insurance

Second quarter	1986 $	1985 $
Revenue	4.07bn	3.92bn
Op. net profits	111.1m	43.4m
Op. net per share	1.32	0.46
Six months		
Revenue	8.09bn	7.80bn
Op. net profits	182.8m	17.4m
Op. net per share	2.16	†0.02

† Loss.

CONSOLIDATED BATHURST
Pulp and paper

Second quarter	1986 C$	1985 C$
Revenue	515.2m	445.1m
Net profits	24.9m	24.2m
Net per share	0.41	0.40
Six months		
Revenue	969.0m	856.7m
Net profits	39.6m	43.5m
Net per share	0.63	0.77

CYCLOPS CORPORATION
Stainless and carbon steels

Second quarter	1986 $	1985 $
Revenue	340.0m	338.4m
Net profits	5.2m	6.9m
Net per share	1.29	2.28
Six months		
Revenue	677.5m	658.9m
Net profits	11.3m	12.2m
Net per share	2.82	3.10

FLEXI-VAN
Transportation leasing

Second quarter	1986 $	1985 $
Revenue	29.1m	36.3m
Net profits	400,000	5.1m
Six months		
Net profits	1.4m	9.6m
Six months		
Revenue	1.43bn	1.44bn
Net profits	94.8m	47.1m
Net per share	1.51	0.75

GOULD INC.
Electronic products

Second quarter	1986 $	1985 $
Revenue	321.3m	355.9m
Net profits	4.3m	†144.7m
Net per share	0.10	†3.30
Six months		
Revenue	662.9m	704.3m
Net profits	†110.8m	†126.6m
Net per share	†2.45	†2.87

† Loss.

INTNL. FLAVORS & FRAGRANCES
Flavourings, fragrances

Second quarter	1986 $	1985 $
Revenue	182.1m	129.8m
Net profits	24.1m	19.2m
Net per share	0.65	0.52
Six months		
Revenue	310.1m	251.1m
Net profits	46.2m	36.8m
Net per share	1.24	1.00

KERR-McGEE CORPORATION
Energy

Second quarter	1986 $	1985 $
Revenue	625.7m	846.0m
Net profits	3.2m	40.6m
Net per share	0.07	0.77
Six months		
Revenue	1.34bn	1.66bn
Net profits	25.3m	69.1m
Net per share	0.52	1.31

MORTON THIOKOL
H'sehold products, specialty chemicals

Fourth quarter	1985-86 $	1984-85 $
Revenue	490.5m	450.7m
Net profits	30.0m	27.9m
Net per share	0.63	0.60
Year		
Revenue	1.95bn	1.83bn
Net profits	132.9m	197.9m
Net per share	2.80	4.01

OGDEN CORPORATION
Aviation services, good services

Second quarter	1986 $	1985 $
Revenue	256.9m	240.0m
Net profits	10.2m	8.9m
Net per share	0.53	0.46
Six months		
Revenue	539.6m	502.3m
Net profits	20.3m	20.3m
Net per share	1.05	1.05

McINTYRE MINES

Second quarter	1986 $	1985 $
Op. net profits	†3.1m	3.4m
Op. net per share	†0.84	0.92
Six months		
Net profits	672,000	3.7m
Net per share	†0.18	1.02

† Loss.

SOUTHLAND CORPORATION
Convenience stores

Second quarter	1986 $	1985 $
Revenue	2.9bn	3.3bn
Net profits	81.6m	88.7m
Net per share	1.64	1.88
Six months		
Revenue	6.0bn	6.1bn
Net profits	†6.9m	89.7m
Net per share	†0.25	1.90

† Loss

US HOME CORPORATION
House builder

Second quarter	1986 $	1985 $
Revenue	198.0m	206.8m
Net profits	186.3m	†652,000
Net per share	†2.17	0.02
Six months		
Revenue	355.8m	389.8m
Net profits	188.1m	†2.8m
Net per share	†2.31	†0.08

Loss

CURRENCIES and MONEY

FOREIGN EXCHANGES

Data fail to halt dollar slide

US economic data released yesterday were slightly better than generally forecast and much better than some fears, but the dollar failed to benefit. A fall to 6.9 per cent from 7.1 per cent in July unemployment and a rise of 390,000 in non-agricultural employment lent some support to the dollar, while fears that the one-day delay in publication of the leading indicators meant bad news proved unfounded. Leading indicators rose 0.3 per cent in June, which according to Mr Malcolm Baldrige, US Commerce Secretary, showed "the economy has not yet shrugged off its sluggishness," but was not regarded as a disaster by the market, and was in the middle of the forecast 0.2 to 0.4 per cent range. Dealers had been expecting unemployment to be around 7.1 to 7.2 per cent, but the figures did not change the general view of the dollar's prospects.

The dollar fell to DM 2.0835 from DM 2.0930, the lowest level since March 24 1981, and to SFr 1.6690 from SFr 1.6775, the lowest since October 23 1980. It also declined to FFr 6.7825 from FFr 6.8025, but was unchanged at Y153.75.

On Bank of England figures *the dollar's index fell to* 111.2 from 111.4, the weakest since February 2 1982.

Sterling was also very weak, suffering on oil price fears, after the oil minister from the United Arab Emirates said Opec was a long way from agreement on production quotas, and threatened to increase UAE production. The pound fell 70 points to $1.4850-1.4860, and closed at a record low of DM 3.0950, from DM 3.1225. Sterling also declined to FFr 10.0750 from FFr 10.1525; to SFr 2.48 from SFr 2.5025; and to Y228.50 from Y229.50. The exchange rate index fell 0.3 to 71.7.

The Australian dollar finished at 60.50 US cents in London after falling to a low of 59 cents in Sydney. Japanese institutional investors were reported to be repeating their dollar sales of earlier in the week. The weakness of the currency forced the Australian Reserve Bank to increase its rediscount rate to 18 per cent. On Monday the central bank raised the rediscount rate to 16 per cent from 14.6 per cent because of pressure on the Australian dollar.

£ IN NEW YORK

Aug 1	Latest	Prev. close
Spot	$1.4815-1.4850	$1.4935-1.494
1 month	0.44-0.42 pm	0.44-0.43 pm
3 months	1.28-1.24 pm	1.27-1.25 pm
12 months	4.50-4.40 pm	4.45-4.35 pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 1	Previous
8.30 am	71.9	72.2
9.00 am	71.9	72.1
10.00 am	71.9	72.1
11.00 am	71.9	72.0
Noon	71.7	71.9
1.00 pm	71.8	71.9
2.00 pm	71.8	71.9
3.00 pm	71.8	72.1
4.00 pm	71.7	72.0

CURRENCY RATES

Aug. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	1.2064	0.680270
US $	6	0.80920	1.01564
Canadian $	8.63	*	1.40006
Austria Sch	4	NA	14.8589
Belgian Fr.	8	52.0210	43.7488
Danish Kr	7	9.5013	7.98041
D'mark	3½	2.5133	2.11274
Guilder	4½	NA	2.38189
French Fr	9½	8.1646	6.87133
Lira	12	NA	1451.10
Yen	3½	185.78	155.749
Norway Kr.	8	NA	7.49545
Span'h Pta.	—	NA	137.315
Swedish Kr.	8	NA	7.05618
Swiss Fr	4	NA	1.69155
Greek Drch	20½	NA	137.254
Irish Punt	—	NA	0.714487

* C$/SDR rate for July 30: 1.65498.

CURRENCY MOVEMENTS

August 1	Bank of England Index	Morgan Guaranty Change %
Sterling	71.7	—20.8
U.S. Dollar	111.2	+2.4
Canadian Dollar	78.0	—12.4
Austrian Schilling	129.8	+7.8
Belgian Franc	95.9	—6.9
Danish Kroner	87.3	—0.3
Deutsche Mark	138.3	+17.1
Swiss Franc	168.1	+23.0
Guilder	128.3	+11.3
French Franc	69.4	—13.7
Lire	47.3	—16.3
Yen	219.1	+62.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

Aug. 1	£	$
Arg'tina	1.3650-1.3670	0.9200-0.9210
Aus'ala	2.4585-2.4620	1.6505-1.6525
Brazil	20.42-20.54	13.77-13.84
Finland	7.4265-7.4460	4.9900-4.9950
Greece	200.40-203.92	134.38-136.58
H'kong	11.6385-11.6495	7.8055-7.8075
Iran	115.10*	77.15*
Kuwait	0.43155-0.43200	0.28945-0.28955
Lux'burg	64.05-64.15	43.10-43.20
Malaysia	3.9190-3.9265	2.6275-2.6325
N'Z'land	2.8605-2.8680	1.9215-1.9270
Saudi Ar.	5.5945-5.6000	3.7525-3.7535
Sin'pore	3.2390-3.2445	2.1725-2.1745
SAf (Cm)	3.7205-3.7510	2.5045-2.5110
S.Af.(Fn)	7.5470-7.9495	5.0655-5.3335
U.A.E.	5.4765-5.4810	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST POUND

Aug 1	Day's spread	Close	One month	% p.a.	Three months
US	1.4815-1.4935	1.4850-1.4860	0.46-0.43c pm	3.59	1.30-1.25 pm
Canada	2.0400-2.0590	2.0480-2.0490	0.30-0.20c pm	1.46	0.73-0.58 pm
Nethlnd.	3.47¾-3.51¼	3.48½-3.49½	1⅛-1⅛c pm	4.30	3⅞-3½ pm
Belgium	64.03-64.94	64.05-64.15	18-13c pm	2.90	46-37 pm
Denmark	11.63¾-11.74½	11.69¾-11.70¾	1½-½ore pm	1.23	4¼-3¼ pm
Ireland	1.0500-1.0555	1.0510-1.0520	par-0.10c dis	—0.57	0.10-0.30dis
W. Ger.	3.09-3.12	3.09-3.10	1½-1¼pf pm	5.33	4¼-3¼ pm
Portugal	216.45-219.35	216.60-218.30	66-160c dis	—6.25	130-460 dis
Spain	200.40-202.70	200.44-200.73	35-80c dis	—3.44	125-190 dis
Italy	2,121½-2,144¾	2,125¼-2,126¼	par-3 lire dis	—0.83	6-10 dis
Norway	10.97¾-11.04½	10.98½-10.99½	4-4½ore dis	—4.85	12¾-13¾ dis
France	10.05½-10.14¼	10.07-10.08	2½-2c pm	2.68	6¾-6¼ pm
Sweden	10.33½-10.40	10.34½-10.35¾	1¼-¾ore pm	0.21	3-1⅞ pm
Japan	228-229¾	228-229	1⅛-⅞y pm	5.25	3-2¾ pm
Austria	21.70-21.95	21.72-21.75	9½-8¼gro pm	4.93	26¾-23¼ pm
Switz.	2.47½-2.50¼	2.47½-2.48½	1¼-1c pm	5.44	3¼-3 pm

Belgian rate is for convertible francs. Financial franc 64.65-64.75. Six-month forward dollar 2.50-2.45c pm. 12 month 4.60-4.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Aug 1	Day's spread	Close	One month	% p.a.	Three months
UK†	1.4815-1.4935	1.4850-1.4860	0.46-0.43c pm	3.59	1.30-1.25 pm
Ireland†	1.4110-1.4225	1.4175-1.4185	0.75-0.50c pm	5.29	2.00-1.60 pm
Canada	1.3782-1.3810	1.3800-1.3810	0.21-0.24c dis	—1.96	0.74-0.79dis
Nethlnd	2.34½-2.36	2.34¾-2.35¼	0.15-0.12c pm	0.69	0.52-0.47 pm
Belgium	43.00-43.35	43.10-43.20	1½-3½c dis	—0.70	7-11 dis
Denmark	7.84¾-7.90¼	7.87½-7.88	1.20-1.80ore dis	—2.29	3.75-4.35dis
W. Ger	2.0775-2.0930	2.0830-2.0840	0.33-0.30pf pm	1.90	0.95-0.90 pm
Portugal	146¾-147	146½-146¾	90-150c dis	—9.84	250-430 dis
Spain	134.90-135.70	135.35-135.45	70-80c dis	—6.66	200-230 dis
Italy	1,428-1,438	1,430¼-1,431¼	5-6 lire dis	—4.61	17-18½ dis
Norway	7.37¼-7.40¾	7.39½-7.40	5.00-5.40ore dis	—8.45	15.10-.50 d
France	6.76-6.80½	6.78-6.78½	0.45-0.55c dis	—0.89	1.40-1.55d
Sweden	6.94½-6.99	6.96¼-6.96¾	1.65-1.85ore dis	—3.01	5.05-5.45d
Japan	153.15-154.15	153.70-153.80	0.24-0.21y pm	1.76	0.66-0.63pm
Austria	14.61¾-14.72	14.67¾-14.68¼	2-1gro pm	1.23	5-3 pm
Switz	1.6610-1.6775	1.6685-1.6695	0.27-0.22c pm	1.76	0.74-0.69pm

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 43.50-43.60.

EURO-CURRENCY INTEREST RATES

August 1	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	9¾-10	9⅞-10	9[illegible]-10	9[illegible]-10	9[illegible]	9⅞-9[illegible]
U.S. Dollar	6⅝-6½	6[illegible]	6⅝-6½	6⅝-6½	6⅝-6½	6½-6[illegible]
Can Dollar	7¾-8	7¾-8	8-8¼	8[illegible]	8½-8¾	8¾-9[illegible]
D Guilder	5⅝-5⅞	6½-5¾	5[illegible]	5[illegible]	5[illegible]	5⅝-5[illegible]
Sw. Franc	2½-2¾	2½-2¾	4[illegible]	4[illegible]	4[illegible]	4[illegible]
Deutschmrk.	4[illegible]	4[illegible]	4[illegible]	4[illegible]	4[illegible]	4⅝-4[illegible]
Fr. Franc	7-7⅛	7[illegible]	7⅛-7¼	7[illegible]	7¼-7⅜	7[illegible]
Italian Lira	10-11	10-11	10⅝-11⅛	10⅞-11⅜	11-11⅜	11-1[illegible]
B.Fr.(Fin)	7-7¼	7⅛-7⅜	7⅛-7⅜	7[illegible]	7⅛-7½	7¼-7[illegible]
B.Fr.(Con)	7-7¼	6⅞-7⅛	7-7½	7⅛-7⅜	7⅛-7⅝	7⅛-7[illegible]
Yen	5[illegible]-5⅛	4[illegible]-4⅞	4¾-4[illegible]	4¾-4[illegible]	4[illegible]-4⅞	4[illegible]-4[illegible]
D. Krone	9⅛-9⅝	9⅛-9⅝	9¾-10¼	9¾-10¼	9¾-10¼	9⅞-1[illegible]
Asian $ (Sng)	6[illegible]-6[illegible]	6⅝-6½	6⅝-6½	6⅝-6½	6⅝-6½	6[illegible]-6[illegible]

Long-term Eurodollars: Two years 7-7¼ per cent; three years 7½-7¾ per cent; four years 7¾-8 per cent; five years 8-8¼ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug. 1	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.486	3.095	228.5	10.08	2.480	3.490	2126.	2.049	[illegible]
$	0.673	1.	2.084	153.8	6.783	1.669	2.350	1431.	1.379	[illegible]
DM	0.323	0.480	1.	73.83	3.255	0.801	1.128	686.8	0.662	[illegible]
YEN	4.376	6.501	13.54	1000.	44.09	10.85	15.27	9303.	8.965	[illegible]
F Fr.	0.993	1.474	3.072	226.8	10.	2.462	3.464	2110.	2.033	[illegible]
S Fr.	0.403	0.599	1.248	92.14	4.063	1.	1.407	857.2	0.826	[illegible]
H Fl.	0.287	0.426	0.887	65.47	2.887	0.711	1.	609.1	0.587	[illegible]
Lira	0.470	0.699	1.456	107.5	4.740	1.167	1.642	1000.	0.964	[illegible]
C $	0.488	0.725	1.511	111.5	4.918	1.211	1.704	1038.	1.	[illegible]
B Fr.	1.560	2.317	4.828	356.5	15.72	3.869	5.445	3316.	3.196	[illegible]

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

MONEY MARKETS

Weak pound prevents rate fall

Interest rates finished unchanged on the London money market yesterday. Rates opened easier, with three-month interbank offered at 9¹⁵⁄₁₆-9¹³⁄₁₆ per cent, compared with 10 per cent on Thursday night, but as sterling came under pressure on the cross rates, three-month money firmed, to close unchanged at 9⅞-10 per cent.

The Bank of England initially forecast a money market shortage of £800m, but revised this to £750m in the afternoon and provided total assistance of £617m.

An early round of help was given, when the authorities bought £48m bills outright, by way of £6m bank bills in band 1 at 9⅞ per cent; £32m bank bills in band 2 at 9⅞ per cent; and £10m bank bills in band 3 at 9¾ per cent.

Further assistance of £343m was provided before lunch, of which £179m was through outright purchases of bills, through £13m bank bills in band 1 at 9⅞ per cent; £53m bank bills in band 2 at 9⅞ per cent; £2m Treasury bills in band 3 at 9¾ per cent; £80m bank bills in band 3 at 9¾ per cent; £3m Treasury bills in band 4 at 9⅞ per cent; and £28m bank bills in band 4 at 9⅞ per cent.

Also included in the total were £164m bills bought for resale to the market on *September 1 at 9⅞ per cent.*

In the afternoon the central bank purchased £206m bills outright, by way of £44m bank bills in band 1 at 9⅞ per cent; £93m bank bills in band 2 at 9⅞ per cent; £66m bank bills in band 3 at 9¾ per cent; and £3m bank bills in band 4 at 9⅞ per cent.

Late assistance of around £20m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £505m, with Exchequer transactions absorbing £115m and a rise in the note circulation £270m. These outweighed bank balances above target by £95m.

At the weekly Treasury bill tender the average rate of discount fell to 9.5021 per cent from 9.5315 per cent. The £100m bills *on offer attracted bids of £546m,* compared with £543.3m for a similar number the previous week. The minimum accepted bid was £97.63, against £97.[illegible] previously, and bids at that level were met as to about 80 per cent, compared with 8 per cent the previous week. Next week another £100m bills will be *on offer replacing a similar number* of maturities.

UK clearing bank base lending rate 10 per cent since May 22

FT LONDON INTERBANK FIXING

(11.00 a.m. August 1)

Three months US dollars		Six months US dollars	
bid 6 ⅜	Offer 6 ½	bid 6 ⅜	Offer 6 ½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates *for $10m quoted by the market to five* reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and *Morgan Guaranty Trust.*

MONEY RATES

August 1	Over-night	One Month	Two Months	Three Months	Six Months	Lombard Interv'n
Frankfurt	4.50-4.65	4.55-4.70	4.55-4.70	4.55-4.70	4.55-4.70	5.[illegible]
Paris	7	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	[illegible]	4⅛-4⅝	—	4[illegible]	—	—
Amsterdam	5⅝-5[illegible]	5⅝-5¾	—	5[illegible]	—	—
Tokyo	4.53125	—	—	4.71875	—	—
Milan	11¾-12⅛	11⅝-11¾	—	11⅝-11¾	—	—
Brussels	4.90	7[illegible]	—	7[illegible]	—	—
Dublin	9⅝-9¾	10½-10⅝	10⅝-10⅞	10[illegible]-11	10⅞-11[illegible]	—

LONDON MONEY RATES

August 1	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8-11	9⅞-10	9⅞-10	9⅞-10	9[illegible]-9[illegible]	9[illegible]
Sterling CDs	—	—	9[illegible]-10	9¾-9⅞	9¾-9⅞	9[illegible]
Local Authority Depos	9⅝-10	9⅝-9⅞	9⅞-9[illegible]	9⅞-10	9[illegible]-9[illegible]	9[illegible]
Local Authority Bonds	—	—	10[illegible]	10[illegible]	10¼	1[illegible]
Discount Mkt. Depos	9½-9⅞	9⅞-9[illegible]	9¾	9¾	—	
Company Depos	9¾-10⅛	10⅛	10-10⅛	10	10	
Finance House Depos	—	—	9[illegible]	9[illegible]	9[illegible]	
Treasury Bills (Buy)	—	—	9[illegible]	9⅝	—	
Bank Bills (Buy)	—	—	9[illegible]	9⅝	9[illegible]	9[illegible]
Fine Trade Bills (Buy)	—	—	10[illegible]	10⅛	10[illegible]	
Dollar CDs	—	—	6.35-6.40	6.35-6.40	6.40-6.45	6.40-[illegible]
SDR Linked Depos	—	—	6⅛-6⅝	6⅛-6⅜	6⅛-6⅜	6[illegible]
ECU Depos	—	—	7⅛-7[illegible]	7[illegible]	7[illegible]-7¼	7[illegible]

Treasury Bills (sell): one month 9⁹⁄₁₆ per cent; three months 9½ per cent. Bank Bills (sell): one month 9²⁹⁄₃₂ per cent; three months 9²⁹⁄₃₂ per cent. Treasury Bills: Average tender rate at discount 9.5021 per cent. ECGD Fixed Finance Scheme IV reference date June 4 to July 1 (inclusive): 9.824 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from August 1, 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 10 per cent; three-six months 10 per cent; six-nine months 10 per cent; nine-12 months 10 per cent. Under £100,000 10 per cent from July [illegible]. Deposits held under Series 5 10 per cent. Deposits withdrawn for cash 5½ per cent.

WORLD STOCK MARKETS

WALL STREET

Drifting in tug-of-war market

STOCKS DRIFTED on Wall Street yesterday, when boredom set in after a tug-of-war at the opening between bears in the futures pits and bulls who saw positive signs in the June 0.3 per cent rise in leading indicators and higher July employment. Weaker credit markets kept futures traders defensive.

After opening 5.62 up, the Dow Jones Industrial Average drifted to 1774.75 by 1 pm, a loss of 0.56 on the day and 35.29 on the week. The NYSE All Common index held a 13 cents gain at $136.02, reducing its loss on the week to $2.39. Declines led advances by a seven-to-six margin in a volume of 90.33m ($8.41m shares.

"The market is sort of on hold," said Gerald Simmons, of Smith Barney Harris Upham. The economic numbers, while higher, were not stunningly strong, and other incentives are lacking.

USX, whose steel plants have been shut in a labour dispute, dipped $¾ to $15¼, leading the actives list. **Bethlehem Steel** gained $¾ to $7.

Cray Research retreated $4 to $83¾—the supercomputer maker, viewed in the vanguard of the high-tech industry, nonetheless fell prey to slumping oil. A Gartner group analyst downgraded his recommendation, since a number of its big accounts are in the energy business.

Raychem fell $10 to $82¼ on disappointing earnings.

CBS declined $1¾ to £128¼ after saying network earnings would be pressured. Competitor Capital Cities, with its ABC property, gave way to $245½.

Texas banks rose on speculation an Interstate Banking Bill would be approved. Texas American climbed $2¼ to $17¼.

THE AMERICAN SE Market Value index lost 0.32 to 261.24, for a loss of 5.07 on the week. Volume dipped to 6.95m shares, against 7.49m at 1 pm Thursday.

Closing prices for North America were not available *for this edition.*

CANADA

Stocks held early advances in active midday trading as stronger Golds buoyed share prices.

The Toronto Composite index rose 9.0 to 2944.30 in advance of Monday's Civil Holiday when the Toronto and Vancouver exchanges will be closed. The Gold index put on 97.3 to 4220.5 and Oil and Gas firmed 3.2 to 2339.3.

MacMillan Bloedel slipped $⅜ to $37¼, despite second-quarter share profit increasing sharply to $1.31 from 5 cents in the prior year.

Cineplex Odeon recovered $¼ to $21¼ following news it acquired RKO Century Warner Theatres for 179m US dollars.

Northern Telecom gained $1 to $39¾ as it set a 5m Common share buyback.

TOKYO

Widespread profit-taking sent the Stock Market into a nosedive for the second straight session.

The Nikkei Dow Average plunged a further 187.78 to 17,321.93, following Thursday's drop of 289.34. Turnover 730m (1.4bn) shares.

The broad-based Tokyo stock index fell 17.63 to 1,411.29.

Declines outpaced advances about two-to-one as pessimism over the market's direction in August sparked active selling.

"The market over-extended itself and now is paying the price," one broker said.

Investors were anxious to pull out of the market after Thursday's decline on Wall Street and unfavourable near-term prospects for the US economy indicated by recent economic data, brokers said.

Investment fund managers were also eager to withdraw their holdings from the market before August holidays.

Few single stocks were hit hard, but the market tumbled as the selling took a lot of shares down a few notches.

Some late buying appeared on Utilities and Constructions, the recent market leaders, but those sectors are likely to fade from the market's focus, a broker added.

Funds eventually destined for overseas bonds are likely to pour into Steel, Shipping and other "large" capitalisation shares while expectations for a weaker dollar remain.

HONG KONG

Strong demand from overseas institutions buoyed share prices and sent the Hang Seng index to a record close of 1,874.11, up 18.65, surpassing its previous high of 1,865.65 reached in May.

Turnover jumped to HK$526.47m (HK$384m).

Institutional buying focused on Blue Chips, particularly the firms controlled by businessman Li Ka-shing — Cheung Kong jumped 60 cents to HK$23.50, Hutchison Whampoa 50 cents to HK$31.75 and HK Electric 25 cents to HK$9.55.

Bank of East Asia added 20 cents at HK$18 on a 10 per cent rise in profits.

AUSTRALIA

Marginally firmer in brisk trading with demand for Gold stocks offsetting a weaker Industrials sector.

The All Ordinaries index was up at 1124.9, the All Resources index 4.0 at 623.6, Metals and Minerals 6.9 at 514.5, Oil and Gas 2.2 at 403.6, and the Gold index rose 35.3 to 1046.6. But All Industrials shed 2.0 to 1786.3.

National turnover 96.5 (96.7m) shares valued at $A108.2m ($A147m). Rises outnumbered falls by more than two to one.

Minings closed sharply higher, pushed up by demand for leading Gold issues following a US$11 rise in the price of bullion overnight.

Among the major gains, Central Norseman and Gold Mines of Kalgoorlie each rose *50 cents to A$9.30 and A$9.20* respectively. Poseidon added 33 cents at A$2.88 and Emperor firmed 15 cents at A$2.85.

GERMANY

Leading German shares lower, with some early gains eroded after an uneventful quiet session.

The weaker dollar discouraged investors. Many operators packed up early for the weekend and the summer holiday period contributed to the lack of business.

The Commerzbank index of 60 leading shares, calculated at midsession, rose 5.0 points to 1,830.1.

Banks were weaker, with Deutsche DM 14 lower at DM 781 and Commerzbank fell DM 6 to DM 288.50.

Carmaker VW dropped DM 11 to 442 and BMW DM 7 to 473. But tyremaker Contigummi rose DM 4 to 295.

Metals processor Degussa bucked the trend, advancing DM 13 to 395.

JOHANNESBURG

Gold shares mostly firmer but generally off their opening highs on some profit-taking in a nervous market.

The Gold index ended at a record high close of 1386.2, up 44.3, as currency factors continued to buoy prices.

Heavyweight Gold share gains generally stretched to a rand.

STOCKHOLM

Stock prices set a new record for the second day running as Swedish Institutional investors returned to the market after the summer holidays.

The Veckans Affarer All-Share index jumped 13.0 to a new all-time high of 871.4, while the Top-16 index rose 2.3 to 139.5.

Turnover nearly doubled to Kr 337m (Kr 180m), while advances led declines by 83-to-25.

Dealers said the recent heavy unloading of Swedish shares by Foreign investors seemed to have ceased and this had also helped to boost market confidence.

The rally mainly affected Ericsson, which rose Kr 9 to 220 in very active trading. Electrolux, also active, jumped Kr 16 to 296.

NEW YORK INDICES

DOW JONES	July 31	July 30	July 29	July 28	July 25	1986 High	1986 Low	Since Cmp High	Since Cmp Low
●Industrials	1775.31	1779.39	1766.87	1773.90	1810.04	1909.03 (2/7)	1502.29 22/1	1909.03 (2/7/86)	41.22 2/7/32
H'me Bnds.	89.95	89.94	90.08	90.22	90.41	91.34 21/4	83.75 14/1	—	—
Transport	716.15	718.88	711.00	713.65	720.50	838.84 31/3	686.97 9/1	830.84 31/3/86	12.32 8/7/32
Utilities	204.05	203.94	203.28	203.01	207.45	207.45 (25/7)	169.47 22/1	207.46 25/7/86	10.5 8/4/34

●Day's High 1794.29 (1794.15) Low 1764.20 (1741.56)

STANDARD AND POOR'S	July 31	July 30	July 29	July 28	July 25	1986 High	1986 Low	Since Cmp High	Since Cmp Low
Composite‡	236.12	236.59	234.55	236.01	240.22	252.70 (2/7)	203.49 (22/1)	252.70 (2/7/86)	4.40 1/6/32
Industrials	260.58	261.25	258.92	260.51	265.32	282.24 (2/7)	224.88 22/1	282.24 (2/7/86)	3.62 21/6/32
Financials	27.98	28.06	27.81	28.07	28.68	31.13 (14/3)	25.18 22/1	31.13 14/3/86	8.64 1/10/7
N.Y.S.E. COMPOSITE	136.89	136.09	135.19	136.11	138.41	146.15 (2/7)	117.76 (22/1)	145.15 2/7/86	4.46 25/4/4
AMEX. MKT VALUE	261.56	261.68	260.80	263.68	266.31	285.19 (25/6)	240.50 (4/2)	285.19 25/6/86	29.13 9/12/7
NASDAQ OTC COMP.	371.37	370.83	372.03	374.78	379.83	411.16 (3/7)	323.01 (9/1)	411.16 3/7/86	54.87 3/10/7

DIVIDEND YIELDS	July 25	July 18	July 11	June 27	year ago (approx)
Dow Industrial	3.75	3.81	3.72	3.59	4.52

	July 23	July 16	July 9	July 2	
S and P Industrial	3.07	3.13	3.00	2.88	3.66
S and P Ind P/E ratio	17.38	17.12	17.82	18.61	12.07

TRADING ACTIVITY

Volume† (Millions)	July 31	July 30	July 29
New York	112.66	146.69	115.69
Amex	9.92	12.76	9.43
O.T.C.	98.64	103.14	(u)

New York	July 31	July 30	July 29
Issues Traded	1,951	1,946	1,959
Rises	693	771	505
Falls	872	780	1,061
Unchanged	386	395	393
New Highs	20	14	17
New Lows	67	91	94

CANADA

TORONTO	July 31	July 30	July 29	July 28	July 25	1986 High	1986 Low
Metals & Minerals	1947.9	1955.0	1953.6	1954.1	1974.0	2442.86 (21/5)	1884.0 (18/7)
Composite	2935.3	2931.1	2934.8	2940.9	2957.6	3128.11 (18/4)	2754.0 (17/2)
MONTREAL Portfolio	1462.70	1463.10	1461.95	1464.17	1481.75	1626.55 (16/4)	1386.60 (22/1

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Bethlehem Stl	2,231,400	6¾	... ¼
Safeway Stores	1,708,300	65¼	+ ¼
Republic Air	1,563,800	16¾	+ ¼
USX	1,191,700	16¼	− ¼
Navistar	1,184,400	7	− ¼
Santa Fe	1,159,100	29⅞	+ ⅞
IBM	1,027,400	132⅞	+ ¼
AT&T	1,004,400	23⅞	− ¼
Wendy's	930,900	11⅞	—
General Motors	896,600	68⅞	− ¼

	Aug. 1	July 31	July 30	July 29	1986 High	1986 Low
AUSTRALIA All Ord. (1/1/80)	1124.9	1125.5	1108.7	1105.1	1247.9 (7/5)	1010.8 (2/1)
Metals & Mnls. (1/1/80)	514.5	507.6	500.8	500.0	602.0 (24/5)	481.1 (20/5)
AUSTRIA Creditbk Aktien (30/12/81)	251.71	250.58	250.58	229.81	266.64 (23/4)	228.58 (5/5)
BELGIAN Brussel SE (1/1/84)	3635.67	3626.58	3623.45	3625.59	3746.88 (7/7)	2768.91 (15/1)
DENMARK Copenhagen SE (3/1/83)	195.69	197.90	202.50	200.01	250.70 (18/4)	183.69 (8/1)
FRANCE CAC General (31/12/82)	378.9	378.5	380.4	379.0	411.3 (15/5)	267.8 (2/1)
Ind Tendance (31/12/82)	145.8	145.5	145.3	144.8	154.5 (12/5)	101.8 (2/1)
GERMANY FAZ Aktien (31/12/58)	607.95	607.94	611.16	602.76	753.88 (17/4)	585.92 (22/7)
Commerzbank (1/12/53)	1830.1	1825.1	1842.0	1809.5	2278.8 (17/4)	1762.4 (22/7)
HONG KONG Hang Seng Bank (31/7/64)	1874.11	1855.46	1847.94	1869.01	1874.11 (8/1)	1559.34 (19/5)
ITALY Banca Comm Ital. (1972)	741.46	737.71	725.75	729.33	908.20 (29/5)	454.67 (24/1)
JAPAN** Nikkei (16/5/49)	17321.93	17509.7	17799.0	17728.9	18050.59 (25/7)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1411.29	1428.92	1450.27	1434.20	1456.40 (28/7)	1025.85 (21/1)
NETHERLANDS ANP.CBS General (1970)	284.6	285.8	285.1	281.5	294.4 (11/7)	240.4 (5/3)
ANP.CBS Indust (1970)	285.5	285.4	284.2	283.4	293.7 (11/7)	234.0 (5/3)
NORWAY Oslo SE (4/1/83)	355.45	358.09	355.12	332.92	402.91 (16/1)	332.92 (29/7)
SINGAPORE Straits Times (30/12/66)	741.51	741.94	748.50	743.44	776.89 (23/6)	565.54 (28/4)
SOUTH AFRICA JSE Gold (28/9/78)	—	1386.2	1341.9	1341.5	1386.2 (1/8)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1232.7	1228.5	1216.9	1232.7 (1/8)	1018.5 (2/1)
SPAIN Madrid SE (30/12/85)	178.26	174.79	173.69	173.09	184.77 (12/6)	100.83 (3/1)
SWEDEN Jacobson & P (31/12.56)	2481.67	2446.78	2438.74	2448.76	2510.56 (7/7)	1729.57 (29/1)
SWITZERLAND SwissBank Cpn (31/12/58)	c	505.8	508.5	507.6	625.5 (8/1)	502.0 (23/7)
WORLD M.S. Capital Intl. (1/1/70)	—	330.1	330.0	326.3	331.4 (4/7)	249.8 (23/1)

* Saturday July 26: Japan Nikkei 17,898.3. TSE 1,446.90.

Base value of all Indices are 100 except Brussels SE—1,000; JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Gold price surges to 6-month high

BY STEFAN WAGSTYL AND RICHARD MOONEY

GOLD SURGED this week to its highest level for six months in reaction to the continuing decline of the US dollar, falling interest rates in many countries, and fears of a down-turn in equity markets.

US institutions were prominent among investors who took profits on stocks and bonds to buy gold. But with other investors selling metal as the price rose, some traders were uncertain late yesterday whether the price increase could be sustained.

After a quiet start to the week, the price moved sharply on Thursday and Friday, to close in London at $362.15 an ounce, up $12.40 on the week. In New York, metal for December delivery climbed to $369.7 an ounce on Thursday and rose to a peak of $371 yesterday before falling back.

Fears about the future of South Africa following the apparent failure of the mission of *Sir Geoffrey Howe*, the British Foreign Secretary, exerted contradictory influences on the market. Some investors bought gold out of concern about the possibility of political unrest interrupting supplies. Others sold for fear that Western central banks might sell metal to put pressure on South Africa by driving prices down.

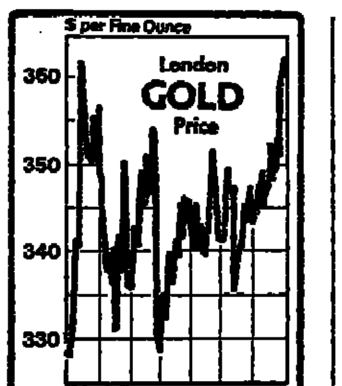
Prices in the futures market were bolstered by firm evidence of buying in the physical market. Traders reported that Japan, which bought some 220 tonnes of gold for the minting of a bullion coin to mark the 60th anniversary of the reign of Emperor Hirohito, might have recently bought a further 50 tonnes, possibly to increase the size of the issue.

The dollar's weakness had the reverse effect on the London Metal Exchange's base metals markets which, unlike gold, are denominated in sterling. Only lead defied the general downward trend, with a £2 rise to £254.50 a tonne for cash metal. Cash zinc lost £12.50 of last week's £18 rise at £542 a tonne, while cash Grade A copper finished £11 down at £886 a tonne.

On the coffee market meanwhile it was apparent from early in the week that the hopes of bullish speculators were beginning to wear thin. Disappointed by an unusually mild Brazilian winter and fading prospects for a damaging frost to reduce next year's crop these speculators had been quick to latch on to warnings at the beginning of last month that a damaging drought might be developing in the coffee belt. With memories of last year's four-month drought and the resulting £1,200 price surge still fresh a new wave of speculative buying was unleashed which lifted the market by nearly £350 in the space of two weeks.

Drought fears (or hopes) have eased since then following several bouts of heavy rain. But the London market, in contrast to its New York counterpart, had, until this week, seemed reluctant to give up its recent gains.

The early days of this week saw the market edging lower lower under pressure from New York and from the weakness of the dollar. And on Thursday technical resistance to this pressure broke with a vengeance. The September futures price fell £129 a tonne on that day and lost a further £20.50 yesterday, taking the price down



to £1,722 a tonne for a fall on the week of £187.50.

The gentle uptrend on the London cocoa futures market was also reversed this week. With sentiment continuing to be buoyed by the unexpected success of last month's International Cocoa Agreement negotiations in Geneva the September position was lifted to a four month high of £1,470 a tonne on Tuesday. But then sterling's advance against the dollar began to take its toll and the resulting fall was fuelled by belated hedging against recent Ghanaian sales and talks of renewed Ivory Coast offerings. By last night's close the price was down to £1,416 a tonne for a fall on the week of £17.50 a tonne.

World sugar prices, which are traded in dollar terms, maintained last week's stronger tone, although finishing below the peak. The London daily raws price moved up to $161.50 a tonne at one stage before ending at $153.50 a tonne, still $8 higher on balance. The rise was encouraged by the granting of lower-than-expected export rebates at the weekly EEC tender on Wednesday. This followed the EEC Commission's signal at last week's tender that it intended to put the brakes on exports in an effort to halt the decline in the world market and the consequent rise in the cost of providing export subsidies.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1225/245	+15	$1070/1090	$1408/1450	$1150/1170
Antimony					
Free Market 99.6%	$2400/2450	+75	$2700/2760	$2720/2780	$2280/2580
Copper Cash Grade A	£886	−11	£1084	£1028.5	£870.5
3 months Grade A	£904.75	−9.75	£1071.75	£1059.25	£888.5
Gold per oz	$359.25	+12.5	$320.75	$362.25	$327.5
Lead Cash	£254.5	+2	£294.5	£293	£233.5
3 months	£259.75	+1.5	£299.25	£291.5	£241.25

US MARKETS

NEW YORK PLATINUM futures scored further good gains to reach contract highs in the leading October delivery, reports Heinold Commodities. Early profit-taking following Thursdays surge to the upside saw sluggish trading early in the session but the mood was reversed dramatically towards the close as anticipation of an escalation of both inner troubles and foreign measures against the Pretoria Government led to some active buying and covering of short positions. Projections of a further run to the upside were circulating as analysts considered the close over $470 per ounce as very constructive. New York coffee, on the other hand, saw further heavy selling, as a continuing dearth of important news forced further tired liquidation and encouraged more selling activity on the part of computer based fund operations. With the September contract closing at under 165 cents per pound. The market was seen to have lost 25 cents in value since the close of the previous week, and chartists were attempting to find potential support areas.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	52.30	—	—	52.00
Sept	52.45	52.40	52.10	52.15
Oct	52.55	—	—	52.10
Dec	52.90	52.80	52.55	52.60
Jan	53.00	—	—	52.70
March	53.30	—	—	53.00
May	53.60	—	—	53.30
Sept	54.05	—	—	53.75
Dec	54.15	—	—	53.85

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	1919	1955	1910	1942
Dec	1972	2004	1965	1992

LONDON STOCK EXCHANGE

Quiet close to week leaves equities marginally higher

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug 4
July 28	Aug 7	Aug 8	Aug 18
Aug 11	Aug 28	Aug 29	Sept 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

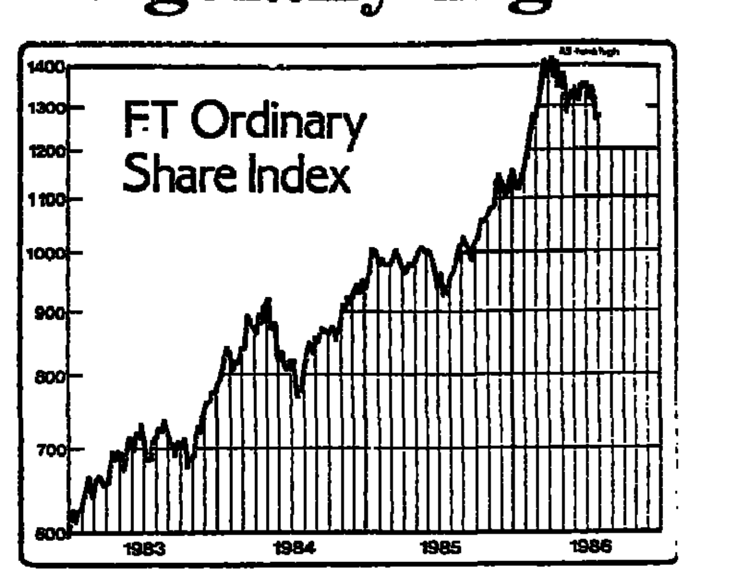
Political and other uncertainties put a damper on investment activity yesterday and London markets experienced their quietest session for some time. The mounting campaign for the immediate imposition of economic sanctions on South Africa was a major deterrent to business, which was restrained also by thoughts of another inconclusive outcome to the current Opec meeting and its impact on sterling.

The ailing exchange rate index took precedence over any other influence in the Gilt-edged market. It annulled the side effects of better US bond values overnight following a successful conclusion to the one-year Treasury bill auction, and further calls for another cut in the discount rate.

Gilt-edged traders said that the market seemed to be currently lacking in scope and tap-bound. The £25-paid long tap stock, Treasury 8¾ per cent 2007, has yet to be activated and closed yesterday at 24, a discount of a point on the issue price. The prospect of the Prime Minister facing a hostile reception and having to negotiate an awkward Commonwealth conference was also tending to make investors edgy. Longer-dated stocks were to the forefront in the decline, falling ¼ in places before rallying to settle generally ⅛ down on the day.

Blue chip industrials presented few features and the FT indices posted minor falls throughout the morning until recovering to close higher on the session. The FT Ordinary share index retrieved a loss of 1.6 to end a net 1.4 up at 1,273.4, while the FT-SE 100 share picked up from 1,554.9 to finish 3.7 higher at 1,561.8. Over the week, the former index was 9.7 up.

Electricals attracted more inquiries than most with sentiment helped by settlement of the US/Japan trade dispute over semiconductor chips. Pride of place, however, went to the Food sector, which was given a strong boost after-hours by the announcement that Goodman Fielder of Australia had agreed to purchase S. and W. Berisford's 14.6 per cent stake in Ranks Hovis McDougall for some £107m. The deal, thought to have been transacted outside the market at around 258p per RHM share, forced the market price up 30 to 241p. Other potential bid candidates prospered, including **Tate and Lyle**, **United Biscuits** and **Rowntree Mackintosh**.



Banks easier

Quietly dull trading conditions prevailed among the major clearing banks. **Midland** softened a couple of pence to 545p on further consideration of the disappointing interim results, while the threat of economic sanctions against South Africa continued to depress **Barclays** which ended 3 off at 495p; Barclays are scheduled to conclude the interim dividend season on Thursday. **NatWest** lost 6 at 512p and **Lloyds** cheapened a penny at 385p.

Composite Insurances plotted an irregular course in thin trading. **Commercial Union**, due to announce half-year figures on August 13, edged forward a penny to 300p, but **Royals** dipped 4 to 833p. Elsewhere, **Prudential** moved up 9 to 824p on news of the acquisition of Reeds Rains, one of the country's top ten estate agencies and largest independent in the residential home market in the north-west of England.

Business in Breweries centred on Regionals. Late support was forthcoming for recent takeover favourite **Belhaven**, a net 2 to the good at 64p; speculation still surrounds the Virani Group's interest in the company, now down to just over 9 per cent following the sale of around 4m shares to Swiss-based Establissement Novedil. Buyers also returned for **J. A. Devenish** which improved another 13 to 220p — the shares have risen 28 on the week since the sub-division of shares.

Leading Buildings finished the first leg of the Account on a subdued note. **Blue Circle**, a dull market in recent days on worries about it South African interests, rallied 7 to 575p helped by traded option business. **BPB Industries** hardened a couple of pence to 505p following the mildly bullish annual meeting. **AMEC** edged up 3 to 289p, but **George Wimpey** softened a penny to 202p. Elsewhere **Wiggins Group** continued to attract buyers on asset injection hopes and rose 10 to 153p for a gain on the week of 30. **Thomas Warrington**, up 9 on Thursday, added 2 more to 80p, while **Johnstones Paints**, still reflecting the good interim results, firmed 2 afresh to 114p. **May and Hassell** attracted occasional buying interest at 98p, up 3 and **Meyer International** hardened a penny to 254p.

In Chemicals, **William Ransom** continued to respond to the annual results and rose 25 for a two-day gain of 50 to 355p in a restricted market. **Yorkshire Chemicals**, half-timer due next Wednesday, edged up 2 to 142p, while **Holt Lloyd**, still reflecting newsletter comment, added a penny more to 93p. On the other hand, **Wardle Storeys** eased 5 to 330p and **Coalite**, currently bidding for Hargreaves, softened a couple of pence to 285p.

Interest in the Stores sector was confined to secondary issues. **Lincroft Kilgour** returned from a brief suspension 10 higher at 250p following news of the bid approach from Priest Marians, but soon met with profit-taking to close the session easier on balance at 228p. Mail Order concern **Freemans**, meanwhile, responded to Press speculation about a possible bid from Sears with a gain of 10 at 430p. **Forminster** rose 7 to 200p on the annual results, while improvements of a penny or so were seen in **Ladies Pride**, 34p, and **Ramar**, 36½p. Among the leaders, **Marks and Spencer** softened a couple of pence to 196p.

Electrical features

The US/Japan agreement on semiconductor chips directed buying attention to selected high-technology stocks. **Bowthorpe** led the way with a gain of 20 to 535p and **Eurotherm** were similarly higher at 300p. **Diploma** continued its revival with a fresh rise of 15 to 205p and **Kode** rose 10 to 255p. Elsewhere, **Burgess Products** advanced 19 to 243p on expansion hopes. **Amstrad** encountered further support ahead of the launch of its new personal computer and closed 6 up at 132p, while **International Signal** rose 12 to 245p after the annual report. Occasional support in front of Monday's interim statement left **STC** 4 better at 166p. **Ferranti**, the subject of bid speculation throughout the week, edged up a couple of pence more to 124p, while comment on the preliminary figures took **Cray Electronics** up 5 to 320p. Among the leaders, **Thorn EMI** firmed 8 to 462p and **Cable and Wireless** 10 to 663p.

Engineers recorded several noteworthy movements. Buying ahead of the preliminary figures expected towards the end of the month left **Press Tools** 12 higher at 136p. Press mention prompted a rise of 6 to 98p in **Hill and Smith**, while speculative activity left **Hobson** 6½ higher at 29p and **Benjamin Priest** 2 dearer at 25p. Comment on the preliminary figures prompted a fresh gain of 9 to 400p in **ML Holdings** and **Wm. Boulton** hardened a penny more to 20p on the disposals. **Glynwed**, up 6 further at 322p, continued to make headway ahead of Thursday's interim figures. Leading issues were inclined easier, but **GKN**, scheduled to reveal half-year figures next Wednesday, hardened a couple a pence more to 345p.

Ranks Hovis McDougall soared 30 to 241p on the after hours announcement that Goodman Fielder of Australia had acquired a 14.6 per cent stake in the company for some £107m from S. and W. Berisford; the latter rose 8 to 247p. Other potential bid candidates in the Food sector were excited by the news with **Tate and Lyle** closing a net 4 up at 562p. **Rowntree Mackintosh** put on 13 to 425p and **United Biscuits** gained 5 to 243p. Elsewhere, **Dee Corporation** firmed 9 to 248p following publicity given to a broker's circular, while late support lifted **Tesco** 3 to 365p.

Grand Metropolitan revived strongly and closed 7 higher at 385p reflecting traded option business. Elsewhere in Hotels, **Mount Charlotte** hardened a couple of pence to 89p on further consideration of the results, but USM-quoted **Norscot**, a firm market recently on takeover hopes, shed 11 to 111p in the absence of any developments.

Halma advance

Halma, the subject of a broker's recommendation, advanced to 302p before settling 13 higher on the day at 288p. Elsewhere, **Scapa Group**, helped by news of its Spanish acquisition, put on 8 to 498p. Bid speculation continued in **Nu-Swift**, which put on 12 to 180p, but **Bodycote** reacted 10 to 295p after speculative activity earlier in the week. **De La Rue**, met selling and touched 955p before rallying to close 10 down on balance at 965p. Buying interest revived in **Parkfield Group**, which rose 20 to 545p, while occasional support left **F. H. Tomkins** 5 higher at 310p. **Morgan Crucible** continued to edge higher with a similar gain at 265p. Leading issues passed an extremely quiet trading session and rarely strayed from previous closing levels.

International Leisure closed a penny dearer at 125p following unconfirmed reports that chairman Mr H. Goodman along with other directors had reduced their stake in the company by some 7.5 per cent. Elsewhere in the Leisure sector, **Pleasurama** attracted support ahead of next Tuesday's half-timer and firmed 2 to 322p.

Investors returned for **T. Cowie** ahead of Monday's interim results, hoping for bumper profits and news regarding the group's proposed flotation of [illegible] per cent of its contract hire and leasing business and the shares closed 6 higher at 193p. Elsewhere in Motors, **Lex Service** touched 317p on further consideration of the interim results and US/Japan semiconductor chips agreement, but then succumbed to profit-taking to finish a net 6 easier on balance at 309p. **Lucas** gave up 8 at 523p following cautious Press comment.

Paper/Printings were quiet and dull with **BPCC** closing 7 off at 258p and **DRG** 4 lower at 258p. **Saatchi** declined 15 to 670p while **Klearfold**, at 60p, cheapened 5 further for a fall of [illegible] following the near-40 per cent interim profits contraction.

Victoria Carpet attracted renewed speculative support and closed 6 higher at 126p in Textiles.

Stockjobbing concern **Smith New Court** continued firmly on Rothschild stake speculation, closing 5 higher on balance at 170p. **Amalgamated Financial Investments** rose 3 to 29p following revived speculative support.

Oils quiet

The oil majors held up well despite reports that the OPEC members were struggling to come to any agreement on quotas. With business down to a trickle, **British Petroleum** edged up 3 to 573p, but **Shell** were unchanged at 800p. **Enterprise** attracted occasional buying interest at 101p, up 3, while **LASMO** hardened a couple of pence to 97p. **Britoil** eased to 103p before picking up to close unchanged at 105p.

Sellers again held sway in **Lonrho** following adverse comment and the shares dropped to 200p before closing a further 7 down and 36 easier on the week at 202p.

Mining markets closed the week on a subdued note. Investment interest was mainly directed towards Australians as operators, clearly reluctant to undertake fresh exposure in South Africa in the light of the current political situation, switched their attentions to "down-under" issues.

The Australian Government's relaxation of foreign investment regulations coupled with the continued strength of bullion — up another $3.375 to $362.25 an ounce — a rise of $12.5 on the week to the highest level since early July 1984 — helped to stimulate interest in gold shares. **Central Norseman** improved 10 more for a week's gain of 53 to 378p, while **Gold Mines of Kalgoorlie** advanced 22 to 370p and **Poseidon** put on 6 to 114p. Among the junior explorers, **Sons of Gwalia** rose [illegible] to 200p, while **ACM** hardened [illegible] more to 108p.

South African Golds again showed scant alteration following thin and sensitive trading ahead of the impending Commonwealth conference. President P. W. Botha's refusal to countenance concessions advocated by the European Community's mission again impeded investment confidence, although dealers reported occasional support from the US. Heavyweight Golds rarely strayed from their overnight positions, but more marginal stocks showed **Durban Deep** 16 up at 322p and **Libanon** 26 better at 654p. The FT Gold Mines index rose 2.7 to 196.0.

Traded Options

Dealers reported quiet conditions in Traded Options. Once again, lacklustre business in the underlying securities hindered demand for Traded Options and total contracts transacted amounted to only 12,545. **Lonrho**, however, remained lively with 2,197 calls and 1,33[illegible] puts done.

Hawker Canada

In the six months to end-June 1986 Hawker Siddeley Canada, a subsidiary of Hawker Siddeley, achieved pre-tax income of C$16.51m (£8m) against a previous C$15.16m.

Sales, which improved by 1[illegible] per cent from C$190.94m to C$215.72m, generated operating income of C$16.58m (C$15.79m) after depreciation of C$7.83m (C$7.24m). Pre-tax income was after lower interest charges of C$70,000 (C$632,000).

Tax was C$7.2m (C$6.65m) and after minorities of C$1.21m (C$1.34m) earnings per share worked through at 94 cents (8[illegible] cents).

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 4	Aug 15	Nov 6	Nov 17
Aug 18	Sept 5	Nov 20	Dec 1
Sept 8	Sept 19	Dec 4	Dec 15

For rate indications see end of Unit Trust Service

Money was given for the call of **Britoil**, **Wiggins**, **Polly Peck**, **William Boulton**, **BSG International**, **First National Finance**, **Amstrad**, **Benjamin Priest**, **Barker and Dobson**, **Stakis**, **Bawley** and **Jonas Woodhead**. No puts or doubles were reported.

STOCK EXCHANGE DEALINGS

Details of business shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

Corp London 3½pcDb 83-92 £71 (25/7)
GLC 6¾pc 90-92 £89¼ ½
Barnet Corp 12¼pc 1987 £101½ ⅝ (25/7)
Birmingham Corp 3pc 1947 £28
Bristol (City) 11½pc 2008 £111¼ (28/7)
Islington Corp 12¾pc 86-87 £100[9/16] (30/7)
Leeds (City) 13½pc 2006 £128¼ (28/7)
Manchester Corp 3pc 1941 £27½ (30/7). 4pc £36½ (28/7)
Oldham Corp 4pcDb £37½ (29/7)
Reading Corp 3½pc 1978 £32 (30/7)
Salford Corp 5½pc 86-88 £93 ⅛
Southwark Corp 6¾pc 83-86 £98¾ (28/7). 12½pc 1987 £102⅝
Swansea (City) 13¾pc 2006 £130 (30/7)

British-American Tobacco 5pcPf (£1) 48½ (25/7). 6pc2ndPf (£1) 56 (25/7)
British Amer Tobacco Invst 10pcLn 1990-1995 £99. 10½pcLn 1990-95 £104
British Benzol 13pcLn 1995 £445 (29/7)
British Mohair Hldgs 6pcPf (1995) (£1) 73¼ 4 (25/7)
British Printing Comm Cpn 4.2pcBPf (£1) 53 4½ (30/7). 7.5pcPf (£1) 94 (25/7). 7.75pcPf (£1) 96 (30/7)
British Shoe Cpn Hldgs 5¼pc2ndPf (£1) 51. 6½pc3rdPf (£1) 58 (25/7). 7pcLn 1985-90 £80¼ (30/7)
Brown Jackson (20p) 24 ½
Brown (John) A 25. 4¾pcLn 2003 £58½. 5¾pcLn 2003 £63½ (29/7)
Bulgin (A F) (5p) 24
Bunzl 7pcLn 1995-97 £123½ 4
Burroughs Machines 8pcDb 1987-92 £82½

News International 7pc1stPf (£1) 62 (25/7)
Next New (10p) (FpILA-26/9/86) 236 8 ½ 9
Nexus Corporation 7½pc1stDb 1985-90 £83 (28/7)
Norcros 15¼pcDb 1990-95 £122 (30/7)
Normans Gp 8¼pcLn 1999-2004 £97 9 100
Norsk Data Class B (Non Vtg) (NK20) NK185⊕
North British Steel Gp (Hldgs) 20 (29/7)
Northern Eng Indus 3pcPf (£1) 39½ (25/7). 5.375pcPf (£1) 67⊕. 8¾pcLn 1988-93 £88 (29/7). 9pcLn 1990-95 £86½ (25/7)
Northern Foods 7¼pcDb 1985-90 £91¼ (30/7)

West Yorkshire Independent Hospital (50p) 85
York and Equity Tst. (10p) 58

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 140⊕ (29/7)
AOG Minerals A$1.35⊕ (30/7)
Advanced Micro Devices £10.05⊕ (29/7)
Air Liquide £70⊕
Amatil 20⊕ (30/7)
Ampol 82⊕
Amsterdam-Rotterdam Bank £29.90⊕ £30½⊕
Ashton Mining A$1.64⊕ (30/7)
Assoc Manganese Mines of SA £26
Atlantic Richfield £30¾ (28/7)
Aust Development 22 3½ 4½ 5½ (25/7)

FINANCIAL TIMES STOCK INDICES

	Aug 1	July 31	July 30	July 29	July 28	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	88.90	89.06	89.35	89.04	88.88	82.96	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.85	95.97	96.02	95.74	95.76	88.29	97.68 (7/7)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,273.4	1,272.0	1,280.3	1,271.6	1,263.8	951.1	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	196.0	193.3	193.2	205.0	199.3	315.7	357.0 (27/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.33	4.34	4.31	4.34	4.36	4.91				
Earnings Yld.%(full)	10.53	10.55	10.49	10.38	10.42	12.06				
P/E Ratio (net) (*)	11.58	11.56	11.63	11.73	11.68	10.22				
Total Bargains (Est)	19,101	22,333	21,150	22,326	23,620	21,003				
Equity Turnover £m.	—	488.51	534.19	456.20	458.11	423.98				
Equity Bargains	—	18,259	19,484	19,318	19,068	16,729				
Shares Traded (ml).	—	224.9	233.4	251.9	239.2	198.9				

S.E. ACTIVITY

Indices	July 31	July 30
Gilt Edged Bargains	107.6	107.8
Equity Bargains	118.3	126.2
Equity Value	987.4	1079.7
5-Day Average		
Gilt Edged Bargains	109.3	109.6
Equity Bargains	129.5	131.2
Equity Value	995.7	1009.1

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1271.3	1271.9	1270.9	1271.8	1272.6	1272.8	1272.3	1272.1

Day's High 1273.4. Day's Low 1270.4.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.19.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Expln (Ir£0.25) 8½ ¾
North West Oil & Gas (20p) 9½

(By permission of The Stock Exchange Council)

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Blue Circle	575	+7	Lonrho	202	−7
Cement-Roadstone	117	−1	New Court Nat. Res.	19	—
De La Rue	965	−10	Nu-Swift Inds.	180	+12
Halma	268	+13	Prudential	824	+9
Lex Service	309	−6	Trafalgar House	263	—
Lincroft Kilgour	228	−12	Wiggins Group	153	+10

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Barclays	20	492	−14	Bass	15	768	+1
Britoil	18	105	−3	Midland Bank	15	547	−5
Lonrho	18	209	−10	Marks & Sp'n'r	14	198	−1
Shell Transport	17	800	−3	NatWest. Bank	14	518	—
ICI	16	990	−2	Wellcome	14	183	−4
VSEL Const'um	16	158	—	BTR	13	293	−5

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Britoil	161	105	−31	Barclays	82	498	−14
Brit. Telecom	130	190xd	+12½	BP	80	570	−3
ICI	96	990	+8	Cable & W's	79	653	+16
Times Veneer	90	59	—	Shell Transport	77	800	+14
NatWest. Bank	86	518	+10	Brit. Aerospace	76	485	+17
Glaxo	85	970	+20	BAT Inds.	75	398	+3

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the Week Rises	On the Week Falls	On the Week Same
British Funds	6	83	26	217	295	63
Corpns., Dom. and Foreign Bonds	1	21	49	41	73	237
Industrials	281	248	980	1,426	1,489	4,634
Financial and Props.	81	93	404	497	573	1,820
Oils	17	15	84	91	107	386
Plantations	—	—	15	6	8	61
Mines	71	13	102	259	187	486
Others	62	69	109	351	369	561
Totals	519	542	1,769	2,888	3,101	8,248

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, July 31, 1986.

Metals and Metal Forming	+41.09	Investment Trusts	+14.78
Motors	+37.95	Brewers and Distillers	+14.34
Textiles	+34.96	Industrial Group	+13.60
Publishing and Printing	+31.67	Financial Group	+13.60
Contracting, Construction	+29.85	Food Manufacturing	+13.20
Packaging and Paper	+25.51	500-Share Index	+13.04
Tobaccos	+25.37	All-Share Index	+13.01
Building Materials	+23.61	Electronics	+12.77
Health and H'sehold Products	+23.15	Office Equipment	+12.73
Chemicals	+22.41	Stores	+11.36
Capital Goods	+21.22	Shipping and Transport	+5.82
Other Industrial Materials	+20.62	Overseas Traders	+4.62
Mechanical Engineering	+19.40	Insurance Brokers	+4.03
Electricals	+18.28	Insurance (Life)	+3.96
Leisure	+18.17	Oils and Gas	+3.93
Insurance (Composite)	+17.61	Other Groups	+3.76
Banks	+17.27	Food Retailing	+1.20
Property	+16.32	Mining Finance	+0.31
Consumer Group	+16.09	Telephone Networks	−13.14
Merchant Banks	+15.71	Gold Mines Index	−22.62

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (39)

BRITISH FUNDS (2) Exch. 2½ per cent 1986. Treas. 2½ per cent '16 A. AMERICANS (1) Ameritech. CANADIANS (2) Amer. Barrick Res., Echo Bay Mines. BANKS (1) Algemene. BREWERS (1) Devenish (J.A.). BUILDINGS (4) Countryside Props., HAT, Sharpe & Fisher, Wiggins Group. CHEMICALS (1) Ransom (Wm.). STORES (1) Lincroft Kilgour. ELECTRICALS (3) Amstrad, Jones Stroud, Toshiba. ENGINEERING (3) Hobson, ML Hldgs., Priest (Ben). FOODS (1) Wessanen. INDUSTRIALS (5) Dean & Bowes, Halma, Hargreaves, Hutchison Whampoa, Nu-Swift. INSURANCE (1) Marsh & McLennan. TRUSTS (4) GT Japan, Govet Oriental, Berkeley Technology.

NEW LOWS (28)

AMERICANS (5) Bankamerica, Bethlehem Steel, Rohr Inds., USX, Utd. Technologies. CANADIANS (1) Can. Pacific. BUILDINGS (1) Bett Bros. CHEMICALS (1) Morceau. STORES (1) Usher (Frank). ELECTRICALS (1) Sintrom. ENGINEERING (1) Wyndham Grp. INDUSTRIALS (4) Brit. Island Airways, Colorgen, High-Point Services, Maxiprint. NEWSPAPERS (1) Collins (Wm.) A. PAPER (2) Kleerfold, Ogilvy Grp. SOUTH AFRICANS (1) Tongaat-Hulett. TRUSTS (4) Alva Inv. Trust, Caledonia Invs., North Sea Assets, Westpool Inv. OILS (3) Edinburgh Oil & Gas, Floyd Oil, Norsk Hydro. OVERSEAS TRADERS (1) Polly Peck Intnl. 9pc Cnv Ln. '03-08. MINES (1) Driefontein.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or —	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	168	136	‡Accord Publications 5p	165	......	R13.1	2.6	2.6	20.9
‖‖	F.P.	15/8	127	108	‡Airspring Group 10p	112	......	5.4	2.8	6.8	7.4
§115	F.P.	22/8	141	128	‡Anglia Sec Homes 10p	141	......	R1.63	5.0	1.6	17.4
115	F.P.	11/7	190	155	Arlington Sec. 10p	173	......	b1.7	4.3	1.4	25.7
§115	F.P.	—	125	120	‡Atlas Conv'ting Eqp 5p	123	......	R4.9	2.3	5.6	11.1
§67	F.P.	8/8	71	68	‡BBB Design Grp 5p	70	......	L1.0	4.2	2.0	16.8
‖‖	F.P.	—	289	280	BTR Nylex A$0.50	286	......	Q15c	2.7	2.2	17.1
§145	F.P.	15/8	158	145	‡Beaverco 5p	150	......	u5.0	2.4	4.7	11.9
‖‖	F.P.	—	53	41	Bertrams Inv. Tst.	45	......	—	—	—	—
§37½	F.P.	25/7	43½	38	‡Bipel 5p	42½	......	R1.23	3.1	4.1	10.6
125	F.P.	8/8	147	128	‡Borland Intl. Inc	145	−2	uQ2c	1.4	0.9	20.3
§63	F.P.	6/8	69	61½	‡Camotech 10p	65	−1	R2.0	2.4	4.3	13.3
§110	F.P.	18/7	115	85	‡C'bell & Armstrong 5p	98	......	u3.91	1.9	5.6	12.5
§125	F.P.	7/8	136	128	‡Chelsea Man 5p	128	......	L2.2	2.8	2.4	21.1
100	F.P.	—	85	84	CMW Med C.IT£1‡‡	85	......	—	—	—	—
‖‖	F.P.	18/7	110	85	Clarkson (Horace)	100	......	L4.75	1.5	6.7	13.7
¶¶	F.P.	—	100	57	Clayform Warrants	60	......	—	—	—	—
§84	F.P.	1/8	91	84	‡Coated Electrodes 5p	90	......	u3.9	1.6	6.1	14.0
§70	F.P.	22/8	74	71	‡Fletcher Denys S. 5p	74	+1	L2.5	1.9	4.8	15.7
210	F.P.	—	203	191	G. T. Management 1p	203	......	R3.0	3.4	2.1	17.1
150	F.P.	25/7	156	150	Guthrie Corp	154	......	u5.3	2.2	4.8	9.9
150	F.P.	15/8	161	156	Harrison Inds. 10p	156	......	g5.0	2.7	4.5	11.7
§92	F.P.	28/8	95	87	‡Hille Ergonom 10p	93	......	L2.0	3.1	3.0	12.8
§85	F.P.	24/7	117	90	‡Hodgson Hldgs 5p	110	......	R2.13	2.3	2.7	20.0
§20	F.P.	15/8	25	21½	‡Hughes Food 5p	24½	......	R0.5	2.8	2.9	17.6
—	F.P.	—	£37	£36	JF Pacific Warrant S.A.	36½	......	—	—	—	—
190	Nil	—	325	180	Joel (H.J.) Ltd Units	180	......	—	—	—	—
§154	F.P.	13/8	159	157	Kleinwort Dev. Fnd	158	......	—	—	—	—
100	F.P.	15/8	90	85	‡MMG Cash & Carry	87	......	u3.55	2.1	5.7	9.7
¶500	F.P.	29/8	516	427	Morgan Grenfell £1	435	......	L8.5	—	2.8	—
§120	F.P.	29/8	120	110	‡Per. Computers 5p	110	......	R3.0	3.3	3.8	11.2
§113	F.P.	29/8	114	112	St. David's Inv. Tst. Inc.	112	......	H6.8	—	8.6	—
§75	F.P.	29/8	77	75	Do. Cap.	76	+1	—	—	—	—
§72	F.P.	15/8	160	99	‡Shield Group 5p	140	+10	L2.0	3.1	2.0	20.4
§165	F.P.	1/8	184	160	‡Smallbone 10p	160	......	u5.0	2.1	4.4	14.9
—	F.P.	—	58	43	Smith Newcourt War'ts	58	+3	—	—	—	—
§40	F.P.	31/7	42	35	‡Soundtracs 5p	37	......	b1.2	2.8	4.6	11.0
§98	F.P.	6/8	106	98	‡Space Planning 10p	100	......	R1.8	3.4	2.5	16.3
§110	F.P.	28/8	125	119	Stanley Leisure	122	−2	u3.25	2.8	3.8	13.5
130	F.P.	21/8	149	150	‡TV-am 10p	150	......	R5.75	2.6	5.4	10.0
§95	F.P.	25/7	114	104	‡Task Force 5p	110	+2	R1.78	3.8	2.3	16.3
112	F.P.	8/8	134	116	Tenby 50p	134	+5	u4.0	2.6	4.2	10.4
190	F.P.	1/8	242	219	Thames TV	224	+1	49.5	1.9	6.0	12.6
120	F.P.	6/8	130	100	Tibbet & Britten 5p	125	......	R3.5	2.6	3.9	14.0
§63	F.P.	22/8	68	66	Unilock 20p	67	......	1.98	2.7	4.2	12.7
‖‖	F.P.	—	160	152	VSEL Consortium £1	155	−3	W5.68	4.3	5.2	4.9
††	F.P.	—	100	95	Welsh Ind. Inv. Tst. 5p	100	......	—	—	—	—
106	F.P.	22/8	112	107	Windsmoor 5p	107	......	u3.25	2.3	4.3	14.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price £	+ or —
§97.947	£25	17/9	27¾	25⅛	Bankers Inv. Tst. 10½% Deb. 2016	26¼	−¼
§99.256	£30	29/8	30½	26¾	Brit. Alcan Aluminium 10⅞% Deb. 2011	27½	−¼
§94.203	£25	31/10	25¾	22¾	Brixton Est. 9.5% 1st Mort Deb 2026	23¾	−¼
§100p	F.P.	15/8	107p	105p	Business Mortages Tst. 8.6%Cum Prf.	106p	......
109.89	£40	29/8	40	36½	Estates & Gen. 11¼% 1st Deb. 2018	37	−¼
§94.45	£30	31/10	32½	28	European Inv. Bank 9%Ln 2001	29⅛	−⅛
‖	F.P.	29/8	115p	102p	‡Fergebrook 12% Cnv Uns Ln 1992-97	105p	−10
96.114	£25	24/10	27¾	24¾	Globe Inv. 10% Deb. 2016	25½	−¼
§99.054	£40	12/9	41⅝	39⅝	Govett Strat.Inv.Tst.10⅜% Deb. 2016	40¼	......
97.963	£25	24/10	25⅞	19	Gt. Portland 9½% 1st. Mort. Deb. 2016	19½	−½
—	—	—	29	28½	JF Pacific Warrant S. A. Pref.	28½	......
105.523	£25	21/8	26	18	Land Securities 10% 1st. Mort. Deb.25	18¾	−¼
§99.793	£25	24/9	24⅝	20¾	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	21	−¼
¶¶	F.P.	—	101	95	Mercury Intl. 7⅞% Cum Pref.	96	+1
‖‖	F.P.	—	136p	136p	Morgan Grenfell 11¼% Cum Prf.	136p	......
—	F.P.	—	100⅛	99⅞	Nationwide 10⅛% 27/7/87	99⅞	......
§99.937	£25	24/10	25⅛	23⅞	Do 3⅞% IL Ln. 2021	24	......
¶100	£10	2/9	9	8	Newcastle & Gate. Wtr. 7% Red. Prf. 94/6	8	......
¶¶	F.P.	—	107	104	Rea Bros. 8.6% Cnv Prf	107	......
§105	£50	10/10	46	43	Smith New Court 12pc Uns. Ln. 2001‡‡	43	......
‖	Nil	—	5pm	3½pm	Utd Leasing 9½% Con Sub Uns Ln '98–2001	3½pm	−½
‖‖	F.P.	—	101¾	101½	VSEL Cons.11% Uns. Ln. 1996	101½	−¼
—	F.P.	—	110	107	Wight C'ns Cv. Cm. Rd. Prf. 1999 10p	110	+1
100	£50	12/9	50¼	46	Witan Inv. 8½% Deb 2016	47	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or —
49	F.P.	29/8	85	66	Abaco Invs. 5p	73	+2
12	Nil	—	1¼pm	½pm	Barker & Dobson 1p	½pm	......
250	F.P.	12/9	280	243	Boase Massimi Pollitt 12½p	261	+3
170	Nil	2/9	23pm	16pm	Coloroll 10p.	21pm	......
145	Nil	20/8	40pm	21pm	Datasery. Inc. 5c.	21pm	−5
130	F.P.	14/8	146	132	Erskine House	141	......
165	F.P.	28/8	185	168	Expamet Intl.	170	......
5	Nil	—	23pm	12pm	‡Hobson 5p	23pm	+5½
215	F.P.	15/8	278	225	Intl. Signal & Control 10c	247	+14
330	Nil	26/9	81pm	75pm	London United 20p.	81pm	+6
200	Nil	29/8	23pm	10pm	‡Meadow Farm Prod. 10p	10pm	−5
120	Nil	19/9	23pm	17pm	Medminster 10p	23pm	......
£14	Nil	12/9	245pm	220pm	Priest Marians £1	245pm	......
95	Nil	—	30pm	25pm	‡Rockwood 10p	25pm	−5
44	Nil	28/8	6pm	1½pm	‡Sheraton Secs. 10p	2½pm	+1
125	Nil	24/9	15pm	11pm	‡Tod 5p	15pm	......
90	Nil	17/9	2½pm	1pm	Top Value Inds. 10p	1pm	−1
38	F.P.	28/8	40½	37	‡Yelverton Invs. 5p	37	......
41	Nil	29/8	35pm	22pm	‡York Mount	22pm	−2

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures *t* Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖§ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$340	26	22	5	27.50	—	—0	$361.70
GOLD C	$350	331	12.50	75	19	—	—	"
GOLD C	$360	63	5.50	168	15	—	—	"
GOLD C	$370	41	2.20	184	11	174	14.10	"
GOLD C	$380	110	1	—	—	—	—	"
GOLD P	$340	—	—	20	3.80	—	—	"
GOLD P	$350	10	0.50	51	6	—	—	"
GOLD P	$360	134	4	—	—	1	10	"
		Sept.		Dec.		March		
$/FL C	FL365	—	—	17	3	—	—	FL351.13
$/FL C	FL230	55	8	25	10.40	—	—	FL235.50
$/FL C	FL235	188	5	205	7.30	10	9	"
$/FL C	FL240	69	2.50	27	5.10B	—	—	"
$/FL C	FL245	478	1.60	30	3.60	—	—	"
$/FL C	FL250	56	0.90	317	2.90	40	4	"
$/FL C	FL255	20	0.50	—	—	40	3	"
$/FL C	FL260	13	0.30	1	1	40	2	"
$/FL C	FL265	60	0.10	—	—	—	—	"
$/FL C	FL270	340	0.10	—	—	—	—	"
$/FL P	FL230	358	2.80	116	5.90	11	8A	"
$/FL P	FL235	404	4.50	35	8	80	10	"
$/FL P	FL240	257	7.60	45	10.40	220	12.70	"
$/FL P	FL245	45	11.40A	5	13.70	—	—	"
$/FL P	FL250	95	15.80	10	18	—	—	"
$/FL P	FL260	65	25.20	10	26.50A	—	—	"
$/FL P	FL265	60	30	—	—	—	—	"
$/FL P	FL270	18	35	—	—	—	—	"
$/FL P	FL275	42	40	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	FL620	303	19.60	23	32	20	40	FL619.50
ABN P	FL600	132	11.90	6	15.50	2	19	"
AEGN C	FL105	112	3.50	4	7	—	—	FL100.50
AEGN P	FL100	66	3.60	13	5.50	2	6.80	"
AH C	FL95	284	5.40	55	7.50	—	—	FL94.60
AH P	FL90	126	2.30	—	—	—	—	"
AKZO C	FL170	551	5.80	96	9.50	13	11.90	FL162
AKZO P	FL160	215	5	104	7	55	9	"
AMEV C	FL75	31	3.90	3	6.50	—	—	FL75.50
AMEV P	FL75	54	2.50	—	—	—	—	"
AMRO C	FL105	667	10	45	11.90	5	13.50	FL111.70
AMRO P	FL105	134	2.70	55	4.20A	10	6.50	"
GIST C	FL62	315	0.70	—	—	—	—	FL54.90
HEIN C	FL180	22	2.50B	13	5.50B	—	—	FL165
HEIN P	FL170	44	8	—	—	—	—	"
HED C	FL172.50	20	4.50	—	—	—	—	"
HOOG C	FL105	321	8.20	16	12.40	—	—	FL106.50
HOOG P	FL105	287	5A	—	—	—	—	"
KLM C	FL65	283	0.30	—	—	—	—	FL45.70
KLM P	FL45	138	2.40	44	3.30	—	—	"
NEDL C	FL180	27	2.60	20	5	—	—	FL161.50
NEDL P	FL160	30	4.10	—	—	—	—	"
NATN C	FL80	59	3.10	1	7.80	—	—	FL79.90
NATN P	FL75	3	1.50A	63	3	—	—	"
PHIL C	FL50	989	2.30	290	3.70	28	5	FL47.10
PHIL P	FL50	122	3.70	177	5.20	15	5.60B	"
RD C	FL190	550	4.60	101	8	7	11.20	FL184.50
RD P	FL170	509	1.20	13	2.50	—	—	"
ROBE C	FL90	—	—	—	—	49	6	FL89.10
UNIL C	FL500	218	19.90	76	29.50	—	—	FL491
UNIL P	FL460	239	3.20	—	—	3	11	"

TOTAL VOLUME IN CONTRACTS: 28,735

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 30, 1986	Increase (+) or decrease (—) for week	
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	85,791,998	—	258,681
Bankers Deposits	920,718,221	+	48,684,103
Reserve and other Accounts	1,366,902,486	+	1,633,406
	2,387,965,705	+	50,058,828
ASSETS			
Government Securities	522,711,311	+	91,025,000
Advance and other Accounts	601,889,843	+	28,089,920
Premises Equipment & other Secs	1,254,508,137	—	68,103,093
Notes	8,594,333	—	924,387
Coin	262,081	—	28,672
	2,387,965,705	+	50,058,828

ISSUE DEPARTMENT

	£		£
LIABILITIES			
Notes in Circulation	12,711,405,667	+	20,924,387
Notes in Banking Department	8,594,333	—	924,387
	12,720,000,000	+	20,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	3,155,536,726	—	427,924,181
Other Securities	9,553,448,174	+	447,924,181
	12,720,000,000	+	20,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)
Wardley House, 7 Devonshire Sq, EC2 01-929 1532

American Tst	62.6	67.4	-0.2	1.7
Far East & Gn. Tst	103.1	109.7xd	-0.5	0.9
Intl. Growth Tst	69.2	73.7	+0.3	0.7
Income Tst	82.3	88.5	-0.3	5.6
Japan Growth Tst	124.1	13.5	-1.4	0.2
Small Cos. Tst	108.9	117.1	-0.9	2.0
Tchnlgy Tst	33.1	35.5	.....	0.2
Australia Trust	35.1	37.7	+0.9	2.1
UK Trust	127.1	135.3	+1.6	2.7
European Growth Tst	51.9	55.3xd	+0.6	1.1
Hong Kong Tst	23.1	24.6	+0.2	1.6

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	16.9	17.9	+0.7	0.15
Pacific Basin	12.7	13.5	+0.1	0.2
Canadian Balncd Grwth	56.4	60.3	+0.2	0.98
Simple Man	101.4	105.6	+0.3	7.2

WestAven Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	56.8	57.4	-0.6	1.50
British Growth (z)	55.9	67.6	-0.1	2.00
British Income (z)	64.3	66.1	-0.1	5.00
British Extra Yield(z)	50.8	52.2xd	+0.1	7.00

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.5	68.6	-0.1	0.00
U.S. Govtmt Bond F	50.507	0.509	.....	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Commdl & Equity Tst	47.5	50.6	.....	7.84
Growth Trust	50.0	53.2	+0.1	2.29
Income Trust	52.5	55.9	.....	5.24

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	67.1	70.6	.....	2.97

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	122.6	130.4	+0.6	3.48

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy July 11	107.4	.....	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	206.1	217.0	.....	—
Equity Ser. 1	98.3	103.5	-0.5	—
Prop. Acc. Ser 2	277.4	292.0	.....	—
Equity Ser 2	106.9	112.6	-0.5	—
Selective Acc.	233.0	245.3	-0.6	—
Prop. Ser. 4	218.9	230.5	.....	—
Equity Ser. 4	110.6	116.5	-0.5	—
Fixed Int. Ser. 4	189.2	199.2	-0.6	—
Indexed Inv. Ser. 4	114.3	120.4	[illegible]	—

Cannon Assurance Ltd—Continued

Index	111.0	117.5	+0.7	—
Far East	179.8	190.3	+1.0	—
Global	94.4	99.5	+0.5	—
European	98.2	103.9	.....	—
Japan	109.5	115.9	-0.7	—
2nd Series Pension Accumulation				
Equity	474.6	502.2	-3.5	—
High Income	314.5	332.8	-1.4	—
Property	261.5	277.9	+0.4	—
Managed	334.3	353.8	-0.4	—
Deposit	251.1	265.7	+0.6	—
Gilt	254.2	269.0	-0.4	—
American	376.3	398.2	+0.8	—
International Money	276.6	292.7	+3.5	—
Index	121.4	128.5	+0.7	—
Far East	195.5	206.9	+1.1	—
Global	94.5	100.0	+0.4	—
European	99.1	104.9	.....	—
Japan	113.4	120.0	-1.0	—
Other Funds				
Equity Units	64.55		-0.40	—
Property Units	21.35		+0.02	—
Equity Bond/Exec	40.39	42.74	-0.25	—
Property Bond/Exec	28.80	30.48	+0.04	—
Balanced Bond/Exec	33.09	35.02	-0.04	—
L&E SIF 1	108.5	114.5	-0.5	—
L&E SIF 2	71.0	75.0	-0.5	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	100.0	106.0	.....	—
Risk & Reward Bond	116.0	123.0	.....	—
Murray Johnstone Fd	116.0	123.0	.....	—
Money Market Fd	100.0	106.0	.....	—
Ivory & Sime Pens Fd	96.0	102.0	.....	—
Risk & Reward Pens Fd	98.0	104.0	-1.0	—
Murray J'stone Pens Fd	114.0	120.0	.....	—
Money Market Pens Fd	100.0	106.0	.....	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

Current Series				
Property Fund	111.2	117.1	.....	—
Money Fund	220.3	231.9	+0.2	—
Managed Fund	402.2	423.4	+0.5	—
Equity Fund	249.0	262.2	-0.6	—
Fixed Interest Fund	149.7	157.6	-0.7	—
Far East Fund	209.0	220.0	+0.9	—
North American Fund	174.9	184.2	+3.7	—
Natural Resources Fund	120.4	126.8	-1.2	—
Pension Managed Fund	371.7	391.3	-1.2	—
Pension Equity Fund	234.3	246.7	-0.6	—
Adventurous Mngd Fd	100.0	105.3	.....	—
Balanced Mngd Fd	100.0	105.3	.....	—
Conservative Mngd Fd	100.0	105.3	.....	—
European Fund	100.0	105.3	.....	—
International Fund	100.0	105.3	.....	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	130.0	136.9	-0.4	—
Equity	146.6	154.4	-0.2	—
Property	108.2	113.9	.....	—
Gilt & Fixed Interest	116.0	122.2	-0.4	—
Indexed Securities	100.3	105.6	.....	—
Cash	106.8	112.5	.....	—
North American	105.5	111.1	+0.4	—
Far East	128.9	135.7	-1.3	—
International	121.6	128.0	-0.1	—
Special Situations	143.0	150.6	+0.1	—
International Income	135.8	143.0	-0.2	—
American Income	112.7	118.7	-0.4	—
European	138.9	146.3	+0.9	—
Flexible Retirement Plan				
Mixed	133.3	140.4	+0.1	—
Equity	141.2	155.7	+0.6	—

Eagle Star Insur/Midland Assur.
1 Threadneedle St, London EC2

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP

Equity & Law
Amersham Road, High Wycombe

Family Assurance Society
19 New Rd, Brighton BN1 1WS

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INSURANCE, OVERSEAS & MONEY FUNDS

Brown Shipley Fund Mgmt (CI) Ltd
PO Box 583, St Helier, Jersey 0534 74777

Sterling Bd(b)(Daily)	10.97	11.37	-0.02	9.32
Sterling Cap (Daily)	21.42	21.44	+0.02	—
Intl. Bond (Daily)	$14.92	15.75	+0.15	5.65
Int Currency (Wed)	£1.36r	1.44	.....	4.84

Butterfield Management Co Ltd
PO Box 195, Hamilton, Bermuda

Buttress Capital	$14.02		+0.34	—
Buttress Equity Acc	$7.09	7.41	+0.15	—
Buttress Inc Acc	$4.59	4.75	.....	—

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

CAL C & C*	38.1	40.1	.....	—

*Dealings Monday. **Dealings daily

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda (809-29) 55950

CAL Futures Fund	131.11	131.45	.....	—

Capital International
43 Boulevard Royal, Luxembourg

Capital Int. Fund	$38.05	.....	—

Cater Allen Investment Management (CI)
29a Broad St, St Helier, Jersey, CI 0534 78898

CA Dollar Inc Fd	$10.26	10.28xd	.....	7.78
CA Gilt Edg Fd	13.63	13.69	-0.02	10.23

Charterhouse Bank
1 Paternoster Row, London EC4 01-248 4000

Emperor Fund	$14.25	14.98	.....	0.52
Euro Global Inv Fd	$75.73	79.50	.....	0.56

Charterhouse Fund Mngt. (C.I.) Ltd
Charterhouse Bldg, Bath St, Jersey 0534 79437

Foreign & Colonial Management Ltd
1 Laurence Pountney Hill, London EC4 01-623 4680

F&C Atlantic July 30	$15.79	-0.51	—
F&C European July 30	$25.56	+0.87	—
F&C Oriental July 30	$47.38	-0.29	—

Weekly dealings

14 Mulcaster Street, St Helier, Jersey 0534 27471
Foreign & Colonial Reserve Asset Fund

A-Short Term US$	$10.37	.....	7.42
B-Short Term Mult'ncy	$13.06	.....	7.45
X—Short Term £	£10.30	.....	10.38
C—US$ Bonds	$12.81	.....	10.15
D—Multic'ncy Bonds	$15.65	.....	8.45
E—Sterling Bonds	£11.42	.....	11.11
F—D Mark Bonds	DM10.55	.....	7.02
G—Yen Bonds	Y1,075	.....	7.09
H—Ecu Bonds	Ecu10.86	.....	7.48
L-Sterling Equities	£9.51	.....	12.64
M—US Equities	$11.19	.....	3.55

Formosa Fund
c/o Hoare Govett Asia Ltd, Heron Hse, 319-325 High Holborn WC1 01-404 0344
NAV NT$396.4. IDR value US$10.405.

Framlington Overseas Fund Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481-26541

Far East Fund	£0.767	0.809	.....	—
Income & Growth	£0.687	0.718	.....	3.09
Managed Portfolio	£0.606	0.637	.....	0.4

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt

FT-Interzins	DM44.92	46.27	+0.02	—
Frankft. Effekt. Fd.	DM129.53	136.35	-0.22	—

Frobisher Fund Limited
PO Box HM1735, Hamilton, Bermuda 809 295 7447

NAV July 21	$5.13	5.44	.....	—

GT Management (UK) Ltd
8th Floor, 8 Devonshire Sq, London EC2M 4YJ

Money Market Trust Funds

Money Market Bank Accounts

Phillips & Drew Trust Ltd
120 Moorgate, London EC2M 6XP 01-628 9771

High Int Chq Acc	9.50	7.10	10.27	[illegible]

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire 061-928 9011

High Int Chq Acc	10.25	7.66	11.17	[illegible]

Royal Bank of Scotland plc
42 St Andrew Sq, Edinburgh EH2 2YE 031-557 0201

Premium Account	9.50	7.10	10.27	[illegible]

Save & Prosper/Robert Fleming
28 Western Rd, Romford RM1 3LB 0708 66966

H.I.B.A.	9.10	6.80	9.91	Daily

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	9.46	7.07	10.23	[illegible]
Money Acc	9.36	7.00	10.12	[illegible]

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	9.125	6.82	9.92	[illegible]
Over £10,000	9.375	7.01	10.23	[illegible]

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 224141

High Int Chq Acc	9.87	7.27	10.68	[illegible]

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE 01-606 [illegible]

High Int Cheque Acc	11.00	8.22	.....

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of composite rate tax. Gr Equiv CAR: Gross equivalent to basic rate taxpayer. CAR: compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ⇄ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	13
BSR	11	Polly Peck	16
BTR	28	Racal Elect	16
Babcock	17	RHM	20
Barclays	45	Rank Org Ord	45
Beecham	40	Reed Intnl	75
Blue Circle	55	STC	15
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	27	Thorn EMI	40
Burton Ord	28	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons	22	Unilever	120
Comm Union	23	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Mtn	2½
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	48	Burmah Oil	35
ICI	55	Charterhall	4
Jaguar	38	Premier	3½
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	13
Lloyds Bank	38	**Mines**	
Lucas Inds	52	Cons Gold	40
Marks & Spencer	18	Lonrho	24
Midland Bk	44	Rio T Zinc	50
Morgan Grenfell	30		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	100½	Exch. 14pc 1986	100⅞	.....	13.98	9.76
98	94⅞	Exch. 2½pc 1986	98	+¼	2.51	6.99
102	100⅝	Exch. 13¼pc 1987	101½	.....	13.05	9.74
108⅞	97	Treas 10½pcCv '87	100 xd	.....	10.23	9.81
97⅞	92	Exch 2½pc 1987	97⅝xd	.....	2.56	6.90
101⅞	97½	Exch. 10½pc 1987	100¼	.....	10.46	9.82
98⅝	93⅝	Funding 6½pc '85-87‡‡	98	.....	6.61	8.85
101¼	96	Treas. 10pc 1987	100	+⅛	9.98	9.71
97	90⅞	Treas 3pc 1987	96⅝	.....	3.11	7.03
104½	99⅞	Treas. 12pc 1987	102	.....	11.71	9.78
99⅝	92	Treas 7¾pc 1985-88‡‡	98	.....	7.90	9.15
104	96½	Exch 10½pc '88	101½	+⅛	10.38	9.76
102⅝	95⅛	Treas 9¾pc Cv '88	100	.....	9.75	9.72
94⅝	86⅝	Transport 3pc '78-88	92	–⅛	3.23	7.01
102½	93	Treas. 9½pc '88	99	.....	9.54	9.69
107	98	Treas 11½pc 1989	104 xd	+⅛	11.05	9.66
103½	93⅛	Treas 9½pc Cnv. '89	99	–⅛	9.53	9.61
92⅝	82	Treas 3pc 1989	89¼	–⅛	3.35	7.12
105	95	Treas 10½pc 1989	102⅝	.....	10.28	9.61
104	94⅛	Exch 10pc 1989	100⅞	.....	9.91	9.65
107	97	Exch 11pc 1989	103⅝	.....	10.60	9.56
93	84½	Treas 5pc 1986-89	91½	.....	5.46	8.05
110	94⅝	Exch 10¼pcCv '89	105⅝	–⅛	9.72	8.31
114	105	Treas 13pc 1990‡‡	110	–⅛	11.80	9.42
108⅞	97⅛	Exch 11pc 1990‡‡	104 xd	–⅛	10.55	9.52
113⅞	101	Exch. 12½pc 1990	108¾	–⅛	11.50	9.57
89⅞	79⅝	Treas. 3pc 1990	86½	.....	3.47	7.15
100	89⅛	Treas 8¼pc 1987-90‡‡	97	.....	8.47	9.04
106	93	Treas. 10pcCv 1990	102	–⅛	9.84	9.49
86	76½	Exch 2½pc 1990	83	.....	2.99	6.94
112	99	Treas 11¼pc 1991	107	–⅛	10.88	9.49
94⅞	83	Funding 5¾pc '87-91‡‡	91⅝	.....	6.28	7.92
86⅛	83½	Treas. 3pc 1991●	83⅞	+⅛	3.58	7.03
		Five to Fifteen Years				
110¾	96	Exch. 11pc 1991	106	.....	10.38	9.50
118¼	103⅝	Treas 12¾pc 1992‡‡	113	–⅛	11.28	9.62
107⅞	92	Treas 10pc 1992	102xd	–⅛	9.80	9.52
109¾	94	Treas 10½pc Cv 1992‡‡	104	–⅛	10.10	9.57

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
317	210	Morgan Crucible	265	+5	8.5	1.7	4.5	16.6
29½	15½	Morris (W) F.A. 20p	16	......	—	—	—	—
139	96	Moss (Robt.) 10p	132	......	♦3.3	2.7	3.5	14.2
141	65	Myson Grp 10p	124	......	2.63	2.6	3.0	16.0
365	259	NMW Computers	290	–5	6.0	3.0	2.9	16.7
40	27	Nash Inds.	39	......	†0.5	—	1.8	—
*27½	15½	Neill & Spencer 10p	21	......	—	—	—	—
39	28	Newman Inds 10p	36	......	0.8	1.2	3.2	(34.6)
134	65	Noble & Lund 10p	126	–2	0.7	4.3	0.8	41.5
65	44	Nolo	47	+1	†0.95	7.0	2.9	6.7
138	96	Norbank Systems 5p	128	......	3.0	♦	3.3	♦
286	187	Norcros	246	+1	9.3	2.2	5.3	11.8
180	49	Nu-Swift 5p	180	+12	3.5	2.1	2.7	24.2
£305	£228	OCE 9pc Cnv 1987-92	£292	......	Q9%	—	3.1	—
118	80	Oakwood Grp	100	......	‡5.0	1.3	‡	13.9
250	208	Office & Elect	220	......	8.5	2.9	5.4	9.0
183	70	Oldacre 20p	175	......	♦5.0	♦	4.1	♦
36	24	Optometrics $0.01	28	......	—	—	—	—
815	500	Ortiflame £1	800	–15	24.5	2.1	4.3	15.5
10	6	Ovenstone 12½c	6	......	q03.23c	1.9	14.1	3.7
142	85	PCT Grp 10p	115	......	3.2	♦	5.8	♦
£20½	950	PLM 'B' Sk 25	£17½	+⅛	Q23.2%	0.3	3.3	—
184	114	PSM Intl	155	......	5.5	2.1	5.0	11.8
255	167	Pacer Systems $0.01	190	......	[illegible]	3.4	1.4	21.2
78	56	Pacific Sales 10p	62	......	3.0	2.7	6.8	8.1
342	225	Park Place 10p	330	......	♦16.25	1.9	2.7	27.7
445	246	Parker Knoll 'A'	396	......	†9.5	2.9	3.4	14.2
555	208	Parkfield Group 5p	545	+20	3.6	♦	0.9	♦
53	30	Pavion Intl	32	–1	—	—	—	8.5
£130	£92	Do 11pc Cnv Ln '94-02	£105	+1	Q11%	—	11.0	—

LEISURE—Continued

1986 High	Low	Stock	Price	+ or –
115	58	Leisuretime Int 10p	85	......
117	100	Leanmar	102xd	......
220	145	Media Tech Int 20p	145	......
*170	135	Medminster 10p	140	......
220	130	Miss World 10p	190	......
90	62	Nationwide Leisure	71	......
17	10½	Nimslo Int 20c	13	......
35¾	23	Owners Abroad 5p	32	......
99	46	Photax (Lon.)	60	......
34	25½	P'dilly Radio NV 5p	30	......
*73	25½	Pineapple 10p	68	......
371	280	Pleasurama 5p	322	+2
178	136	Do. 7pcCvCmRedPf	151	......
43	18	Radio City 'A' NV	30	......
48	33	Radio Clyde N/V	40	......
393	322	Really Useful Grp 5p	373	......
64	44	Riley Leisure 10p	47	......
230	135	Saga Hols. 20p	130xd	......
365	235	Samuelson Grp 20p	243	......
123	73	Sangers Photo 10p	90	......
178	138	Scarro 50p	147	......
340	175	Scot. TV 10p	335	......
294	114	SeaCo Inc $0.125	167	–9
27	7	SelecTV 10p	24	+1
37	20	Spectrum 5p	27	......
46	31	TSW 5p	45	......
285	150	TVS N/Vtg 10p	224	+1
188	118	Television Svcs 50p	133	–2
72	50	Tottenham Hotspur	69	......
96	66	Trillon 10p	70	......

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
New Sabina Res C$1	31½	......	—	—	—
Northgate C$1	250	+14	—	—	—
RTZ	539	+6	22.0	2.8	5.7
Do. 9½pcLn '95-2000	£119	+½	Q9½%	15.5	(7.8)

1986 High	Low	Stock	Price	+ or –
51	31½	New Sabina Res C$1	31½	......
260	200	Northgate C$1	250	+14
790	513	RTZ	539	+6
£164	£115	Do. 9½pcLn '95-2000	£119	+½

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; *bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution.* Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † *Interim since increased or resumed.*
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ *Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.*
- ♣ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final *and/or* reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k *Kenya. m Interim higher than previous total. n Rights issue pending.* q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E *Minimum tender price.* F *Dividend and yield based on* prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	60	......
Craig & Rose £1	£11	......
Finlay Pkg. 5p	42	......
Holt (Jos) 25p	865	......
IoM Stm. £1	86	......
IRISH		
Fund 11¼% 1989	£100¾	–½
Nat. 9¾% 84/89	£98⅝	......
Fin. 13% 97/02	£111⅝	–⅝
Arnotts	315	–5
CPI Hldgs	45	......
Carrol Inds.	150	–2
Dublin Gas	53	......
Hall (R. & H.)	70	......
Heiton Hldgs.	29½	......
Irish Ropes	95	......
Unidare	285	......

"Recent Issues" and "Rights" Page 13

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per

FINANCIAL TIMES
Saturday August 2 1986

US growth sluggish in June

BY STEWART FLEMING IN WASHINGTON

THE US economy continued to display two contrasted aspects in July, when the rapid expansion of the service sector was maintained but the sharp decline in manufacturing industry appeared to deepen, according to employment data published yesterday.

Mr Malcolm Baldridge, the Commerce Secretary, conceded that a modest 0.3 per cent rise in the index of leading indicators for June, also published yesterday, showed that the US economy had not exceeded the sluggish real growth— 2 per cent a year—in gross national product reported during the past year.

The civilian jobless rate dropped from 7.1 per cent to 6.9 per cent in June. The rapid growth in the labour force, evident during the past two years, stopped. The number of workers with jobs in the service sector, however, surged by 245,000, after adjustment for the return to work of strikers.

Employment in manufacturing industry declined last month by an estimated 50,000, also after adjustment for strikers returning to their jobs. Dr Janet Norwood, Commissioner of the Bureau of Labour Statistics, said yesterday, that the deadline was sharper than normal for a month in which employment usually slackens, in response to plants' holiday closures.

The employment report appeared to confirm the judgment of the National Association of Purchasing Managers. Its survey of 250 leading industrial companies suggested that the economy weakened in July with new orders, stock levels and employment all having declined.

Conflicting trends in the economy were underlined by Dr Norwood, who told the Congressional Joint Economic Committee that the proportion of the civilian population with jobs was a record 60.8 per cent last month, in part because a significan number of married women, who usually leave their jobs when schools close, remained at work. The female employment rae fell to 6.1 per cent. The rate for adult men was 6.2 per cent.

Dr Norwood siad factory employment—which rose by 1.4m from the end of 1982 to August 1984, as about 63 per cent of the jobs lost in the 1982 recession were recovered — has declined since by 400,000.

The economic news is discouraging for the Reagan Administration and for the Republican Party, which is seeking to keep control of the Senate in mid-term elections in November.

The Democratic Party is trying to exploit the opportunities presented by the continuing huge trade deficits, deteriorating conditions in the farm sector and sluggish economic growth.

George Graham adds: The modest rise in leading US indicators did little for the dollar, which closed in London nearly 1 pfennig down at DM 2.0835, having gone as low as DM 2.0775. On the week, it lost more than 6 pfennigs and now stands 15 per cent lower against the D-mark than at the start of the year.

Against the yen, the dollar remained unchanged yesterday at Y153.75—a loss of nearly Y4 on the week. It has lost 23 per cent against the yen this year.

Sterling weakened, losing nearly 3 cent against the dollar to $1.4835. Against other main currencies it fell still further, giving up 2¾ pfennigs to DM 3.095. The Bank of England's sterling exchange rate index fell to 71.7 from 72.0 on Thursday.

Currencies, Page 9

Offshore caterers flex their muscles

By Charles Leadbeater

FALLING oil prices, which have set ministers of the Organisation of Petroleum Exporting Countries at loggerheads in Geneva over the past few days, have also forced a split in another oil industry organisation.

The Caterers Offshore Trade Association flexed its muscles yesterday and expelled a member company which allegedly broke a pay agreement. The source of the association's indignation was Phoenix Caterers, which employs about 300 staff servicing North Sea oil platforms.

French, American and Scottish companies were represented at a closed session in Aberdeen, when the nine member companies agreed to act against Phoenix.

It is claimed the company won a two-year contract worth about £2m on the basis of pay rates well below those adopted by the association.

The issue has provoked a bitter row among the small group of companies that dominate the lucrative North Sea catering and housekeeping industry.

The tacit pay agreement came into force with the encouragement of the oil companies after a strike among catering workers in 1979.

Phoenix denies there was any agreement on pay. It says that none of the 75 staff taken on when it won the contract to provide catering and housekeeping for 400 workers on Occidental's Piper and Claymore platforms were paid below the agreed rate.

This conflicts with a claim by local Transport and General Workers' Union officials that pay cuts of around £2,000 a year were imposed on catering staff. Catering wage rates on offshore platforms start at about £8,500 a year.

The trade asociation's move was supported by the TGWU, which organises most North Sea catering workers.

Local union official Mr Mel Keenan said: "What we fear now is that catering companies will go into a price war, competing with one another to cut wage rates."

BP, one of the biggest operators in the North Sea, admitted it would be "watching market developments very closely in coming weeks."

The catering association's members attribute Phoenix's alleged pay-cutitng tactics to the influence of its new parent company, the Albert Abela Organisation, a Lebanese catering group.

Phoenix says it has been expelled because it has adapted more quickly than other catering firms to the fall in oil prices.

Mr Bill Lobban, the managing director, said: "We will continue to prosper. With oil prices falling we are the only company to have responded to the changed circumstances. The market is under great pressure and our customers will find our bids very attractive.

"Caterers have to realise that the oil companies are no longer a bottomless pit."

Opec unlikely to agree quotas accord, Page 2

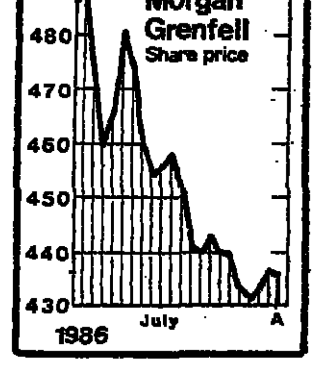
THE LEX COLUMN

Low pressure in the City

Midsummer torpor in the City is one of those seasonal factors which has to be stripped away before making a judgment on where the markets are going. But this year there are a few extra reasons why turnover has slackened so appreciably, and why it is so much easier to squeeze into City wine bars at lunchtime. The countdown to Big Bang has now less than three months to run, and the need for stockmarket firms to be fully prepared before October 27 seems to have shifted the peak holiday season forward; drifting back in September will not be encouraged.

Moreover, any firm that was trying to fill a last few key jobs in time for Big Bang will have had to get its bids in before the end of July, given the three-month period of inaction which securities firms nowadays tend to impose on those who leave; it is not much good waiting for your chief gilt-trader to arrive in mid-November. What is more, some of the would-be primary dealers in the gilt-edged market still seem in danger of failing to make the Bank of England's starting grid, simply through failure to hire enough relevant staff in time. Anxious times, though quiet.

Index rose 1.4 to 1273.4



Morgan Grenfell

There seems to be no satiating the desire for capital among the UK financial groups ahead of the Big Bang. Morgan Grenfell's $200m perpetual floating rate note issue yesterday, which takes its capital up to perhaps £600m including this year's retained profits, may not even be the bank's last cash-raising deal before the dawning of the brave new world.

After pledging more than £100m to the securities business, the banking side, including corporate finance and the primary underwriting activity, has something over £400m on which to base its large exposures and such like under the Bank of England's rules. The issue adds a great deal of scope for Morgan to run up its balance sheet which is hardly stretched to the limit now. But even if Morgan Grenfell has as much capital as Morgan Stanley, it will not be able to take as large risks.

Nor does this type of primary capital come cheap for a merchant bank. Morgan's cost may be the best obtained by any accepting house yet for perpetual debt, but the reason for the issue's success yesterday was that spreads of ¼ a percentage point over Libor at a discount price are rarely seen these days and yield-hungry investors are often short-sighted. If US banks get the go-ahead to issue perpetual debt counting as primary capital the market could soon be flooded.

The news gave Morgan's shares a brief flip up, though they closed unchanged at 435p. Since the float it appears that the shares have outperformed some others in the sector, but merchant banks have not been the most popular shares in a market now concentrating on the less jolly side of the revolution to come.

Metal Sciences

The arrival of the receivers at Metal Sciences, which specialises in industrial grits, yesterday may well be the end of a cautionary tale. Perhaps the directors were too optimistic in repeatedly hoping that profits would roll in before the cash ran out. Maybe the rights issue last November was a case of throwing good money after bad. But, although it underlines the strains inherent in using a public flotation for venture-funding, it should not be used as an excuse to condemn the USM as a whole.

The opening of the junior market in 1980 was intended to allow the somewhat less well qualified companies to raise equity capital and give investors some sort of market in their shares. It was never meant as a safe home for widows-and-orphan money. And any sensible USM investor will not only be extra diligent i nhis research but hold at least a handful of stocks, with start-ups like Metal Sciences acknowledged as the most speculative in the portfolio. The hope is that the higher risk means higher returns from the successful investments. And a handful of failures in six years is not bad for 350-odd companies.

British Airways

If British Airways is truly to be floated in the present Parliament — or indeed, at all —then it will have to aim yet again at a St. Valentine's day take-off. Whether the personal shareholder will have much powder left after the combination of British Gas, Christmas, and the January sales is an open question; just as well that BA is intended to be a more institutional stock than Gas or Telecom.

But the difficulty of making a date with the markets any time before the end of this tax year is getting greater as the trading record comes under increasing strain. Not only has BA suffered from the Tripoli effect—a dearth of US tourist traffic—but it is having to bear the costs of continual safety inspections to jumbo jets that are developing cracks like crazy-paving. And if that were not enough, the lucrative business passenger seems to be turning ever so marginally against the long trek round Heathrow to make transit connections at Terminal Four; if that aversion were to become entrenched, it could be a revenue nightmare by the time BA writes its prospectus.

RHM

The market's view of RHM has long been conditioned by juicy expectations that the 14.6 per cent stake held by S and W Berisford would in due course be handed over to a bidder for the entire company. Berisford's deal with Goodman Fielder — the largest Antipodean food manufacturer — may bear out this presupposition; the market's response, a 30p rise in RHM's share price, is certainly taking the sequel for granted.

The 258.8p at which the deal was struck does not discourage thoughts of a bid premium, since Goodman has paid some 23 per cent above the ruling price. But it may indeed turn out, when RHM has become better acquainted with its new shareholder, that the premium is being paid for strategic advantages that are intended to accrue to Goodman's trading subsidiaries in Australia and New Zealand. And, in that event, the market may have to think again about the value of an ordinary share in RHM.

Aquino wins $500m IMF funding

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINES has reached broad agreement with the International Monetary Fund on a $500m (£335m) economic package to boost growth over the next 18 months.

Philippine officials, who had pledged to keep foreign borrowings to a minimum, said the funding represented the actual amount the government needed from the IMF for its economic programme.

They had expected the negotiations to be difficult, but they became relatively easy when the IMF agreed with the country's policy of deficit spending to achieve growth this year.

The package was worked out during negotiations in Manila that lasted more than a week. It consists of $300m in standby credit and a little over $200m of compensatory finance faciliyt to help fund a projected deficit in the country's balance of payments.

The IMF agreed to let the Philippines incur a budget deficit in 1986 of 27bn pesos ($1.3bn), equivalent to 4.4 per cent of the Gross National Product, out of the total budget for the year of 114bn pesos.

It is understood, however, that the deficit would be cut drastically in 1987.

The Philippines, which has a debt burden of more than $26bn, is believed to be the second heavily indebted nation —after Mexico—to benefit from a major shift in the IMF's lending policy in favour of growth-orientated programmes.

The Government of President Corazon Aquino, which hopes to sign the agreement with the IMF later this month, will now ask commercial lenders to reschedule debts falling due in 1987 and up to 1990—estimated at between $6bn and $8bn —as part of the package.

Mrs Aquino, who is due to visit the US next month, said she would appeal directly to bankers in New York to support the Philippines' economic recovery programme.

The agreement may leave the way clear for the Philippiness to draw the remaining $350m of a $925m loan from commercial banks. This balance was left undrawn when the previous IMF programme was discontinued in April.

Under the latest programme, the Philippines aims for economic growth of 1.4 per cent in 1986, an inflation rate of between 6 to 8 per cent and a flexible exchange rate.

It is also committed to complete structural reforms in the government financial sector—chiefly the reorganisation of the Philippine National Bank and the Development Bank of the Philippines, and the privatisation of six government-owned commercial banks.

The national government will clear the books of the Philippine National and the Development Bank, which, according to latest official figures, have bad loans totalling 142bn pesos ($6.9bn).

Deal to swap premiership puts Craxi back in power

BY ALAN FRIEDMAN IN MILAN

ITALY'S government crisis ended yesterday when Mr Bettino Craxi, the Socialist party leader, told President Francesco Cossiga he had formed a government.

The government, which includes a minor reshuffling of the cabinet, will be presented to parliament early next week. Mr Craxi said last night he hoped for votes of confidence from the Senate and Chamber of Deputies by the end of the week. Once the confidence votes are passed, Mr Craxi and his colleagues in the five-party ruling coalition all plan to go on holiday.

The crisis has been resolved by a compromise between the feuding Socialists and Christian Democrats. Under this, Mr Craxi, who resigned five weeks ago after a parliamentary ambush destroyed his government's majority, will stay on as Prime Minister until March. The deal then requires Mr Craxi's Socialists to pledge their support for a Christian Democrat Prime Minister, probably Mr Giulio Andreotti, until the end of the present parliament in June 1988.

The crisis, which brought down the country's longest surviving government in post-war history after three years, was caused by the parliamentary defeat on June 26. This came just four minutes after the government had won a confidence vote.

The defeat was possible because the Italian parliament is unique in offering MPs a secret ballot on even the most trivial of issues.

Underlying the crisis has been growing resentment among Christian Democrats, whose party won 32.9 per cent of the vote in the last general election, at the anomaly of a Socialist prime minister heading a coalition of Christian Democrats, Socialists, Republicans, Liberals and Social Democrats.

There are five new ministers in the government, which in Rome is being described as "Craxi—mark two." In addition to these five, whose appointments have resulted in other job swaps in cabinet, further changes are expected at the under-secretary level.

Prudential becomes UK's third largest estate agent

BY ERIC SHORT

PRUDENTIAL PROPERTY Services, an arm of Prudential Corporation, the insurance group, yesterday took a significant step towards establishing a national chain of estate agents with the acquisition of Reeds Rains, one of the largest privately-owned agencies.

The deal makes Prudential Property the UK's third largest estate agent with 167 offices.

Prudential would not disclose Reeds Rains' profitability, nor the cost of the acquisition, which was partly paid for in cash, with a balance of £2.5m in shares.

Reeds Rains, Prudential's seventh estate agency acquisition since it entered the business in June last year, operates 54 offices in the north. Prudential's previous purchases have covered the south, East Anglia and the Midlands.

Mr Graham Clay, managing director of Prudential Property, said announcements of further acquisitions would be made soon. The firm aims to have 250 outlets by the end of this year, and 500 by the end of next year.

Prudential Corporation, the holding company for the group, earlier this year raised £357m, of which £100m was earmarked for the estate agency operations. Details of the costs of acquisitions are likely to be given to shareholders in the 1986 report and accounts.

The two leading estate agents are Hambro Countrywide, an arm of Hambro plc, with 385 offices, and Black Horse Agencies, owned by Lloyds Bank, with 243 offices. Hambro Countrywide recently announced a major acquisition in the Midlands, while Black Horse has also been expanding its branches.

A growing number of financial institutions are entering estate agency, both as a profit source and to extend their financial services.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Amal Fincl Invs	29	+ 3
Berisford (S. & W.)	247	+ 8
Bowthorpe	535	+ 20
Burgess Products	243	+ 19
Cowie (T.)	193	+ 6
Eurotherm Intl	300	+ 20
Forminster	200	+ 7
Freemans	430	+ 10
G.M. Kalgoorlie	370	+ 22
Grand Met	385	+ 7
Halma	288	+ 13
Int Sig & Control	245	+ 12
M.L. Holdings	400	+ 9
Nu-Swift Inds	180	+ 12
Parkfield	545	+ 20
Poseidon	114	+ 6
Press Tools	136	+ 12
R.H.M.	241	+ 30
Ransom (Wm)	355	+ 25
Rowntree M'kintosh	425	+ 13
Smith New Court	170	+ 5
United Biscuits	243	+ 5
Victoria Carpets	126	+ 6
Wiggins Group	153	+ 10
FALLS		
Treas 13pc 2000	£123¼	− ¼
Klearfold	60	− 5
Lincroft Kilgour	228	− 12
Lonrho	202	− 7
Lucas Inds	523	− 8

WORLDWIDE WEATHER

UK today. Mostly dry with rain in N and W. Temperatures near normal. Windy. Outlook: Sunny with showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	29	84	Corfu	S	32	90	Luxmbg	F	20	68	Peking	S	30	86
Algiers	F	30	86	Dallas	F	26	79	Madeira	F	23	73	Perth	F	16	61
Amsdm.	S	18	64	Dublin	R	13	55	Madrid	S	31	88	Prague	F	20	68
Athens	S	33	91	Dbrvnk.	S	29	84	Majorca	S	32	90	Reykjvk.	S	12	54
Bahrain		—	—	Ednbgh.	C	15	59	Malaga		—	—	Rhodes	S	30	86
Barclna.	S	27	81	Faro	S	25	77	Malta	S	30	86	Rio J'o		—	—
Beirut		—	—	Florence	S	31	88	M'chstr.	F	17	63	Rome	S	30	86
Belfast	F	13	55	Frankft.	S	24	75	Melbne.	S	15	59	Salzbrg.	C	21	70
Belgrd.	S	32	90	Geneva	F	24	75	Mx. C.		—	—	S F'cisct	F	12	54
Berlin	C	21	70	Gibraltar	S	31	88	Miami†	S	27	81	Singapr.	F	29	84
Biarritz	S	25	77	Glasgow	C	15	59	Milan	F	29	84	S'tiago		—	—
Bmghm.	F	18	64	G'nsey	S	17	63	Montrl.†	C	15	59	Stckhm.	C	19	66
Blackpl.	F	17	63	Helsinki	C	22	72	Moscow	F	25	77	Strasbg.	F	25	77
Bombay	F	29	84	H Kong	R	28	82	Munich	C	21	70	Sydney	S	17	63
Bordx.	F	24	75	Innsbrk.	F	25	77	Nairobi	F	13	55	Tangier	S	25	77
Boulgn.		—	—	Invrnss.	C	15	59	Naples	S	33	91	Tel Aviv	S	30	86
Bristol	F	17	63	I.o.Man	F	13	55	Nassau		—	—	Tenerife	S	25	77
Brussels	S	20	68	Istanbul	S	30	86	Nkcstl.	F	16	61	Tokyo	S	31	88
Budpst.	F	31	88	Jersey	S	21	70	N Delhi	R	27	81	T'ronto†	F	20	68
Cairo		—	—	Jo'burg	F	17	63	N York†	C	21	70	Tunis	S	38	100
Cardiff	F	17	63	L. Plms.	S	24	75	Nice	S	27	81	Valencia	F	28	82
Cape T.		—	—	Lisbon	S	25	77	Nicosia	S	29	84	Venice	S	28	82
Chicago†	C	18	64	Locarno	C	24	75	Oporto	S	21	70	Vienna	S	29	84
Cologne	S	21	70	London	F	19	66	Oslo	F	17	63	Warsaw	C	28	82
Cpnhgn.	F	21	70	L. Ang.†	Fg	16	61	Paris	F	21	70	Zurich	C	22	72

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Thatcher Continued from Page 1

Mr Mulroney before the meeting. Further bilateral meetings are likely with the other leaders from Australia, India, Zambia and Zimbabwe.

A reminder of the concern felt by a minority of Tory MPs and activists on the party's left came yesterday in a statement from the Tory Reform Group, the ginger group which reflects that viewpoint.

It argued that Britain's economic strategic and political interests all required the UK to impose substantial sanctions against South Africa.

The author of the statement was Mr Peter Price, member of the European parliament for London South-east. Although it was endorsed by the group's executive committee, mainly of younger party activists, the statement was neither seen nor approved by the group's patrons, who include five Cabinet members.

Mr Peter Walker, the Energy Secretary and president of the group, quickly made it known that he had not been involved in the issue of the statement.

He said the Government could not take unilateral actions and it was "therefore correct to negotiate with our allies around the world concerted and sensible measures.

"It must be right for the Prime Minister and Sir Geoffrey Howe to see that the actions that Europe is willing to take are also taken by the US, the Commonwealth and Japan. If any one of those groupings fails to take the actions, then the effectiveness of them would be worthless."

Continued from Page 1

US sanctions closer

The broadening of the financial rand market will not directly affect the balance of payments, since the investment currency is confined to a fixed pool determined largely by purchases and sales of shares on the Johannesburg stock exchange.

The authorities apparently hope that relaxation of the financial rand rules will encourage some foreigners to put the prospect of generous financial returns above political considerations, thus giving a fillip to the depressed property construction and related industries.

The financial rand was trading yesterday at 19.50 US cents, compared with the commercial rate (used for imports, exports and dividends) of 39 US cents.

The new rules are expected to allow the financial rand to be used for the full purchase price of office blocks, hotels and other "productive" investments. Only 50 per cent of the purchase price of private homes and flats will be permitted at the favourable financial rand rate. Farmers have complained that concessions to foreigners will

Continued from Page 1

EEC

256K D-rams, for example, most companies would be obliged to sell chips at more than double the current market price. The new prices will operate for three months, at which time new "fair values" will be determined by the US Department of Commerce.

A Ministry for International Trade and Industry official said: "Some Japanese companies will receive no orders for three months. There is a lot of discrepancy. Some have been given competitive prices and others have prices several times higher. The Department of Commerce's calculations seem to be arbitrary.

US industry analysts do not expect a dramatic change in semiconductor prices as a result of the agreement. They do, however, expect a slowing of the downward trend in prices on current products and better prices for new chips, such as one megabit D-rams.

The European Community considers that the agreement represents a cosy arrangement between the world's two largest chip manufacturing nations. The US and Japan control about 90 per cent of the global market, making Europe a relative bystander.

Moreover, it failed to understand how the agreement could be compatible with repeated pleas for, and expressions of adhesion to, the free play of

A case of correction

Wall Street

FOUR WEEKS ago, the Dow Jones Industrial Average had just touched an all-time high of 1909.03, the market was in a confident mood, and most of Wall Street's money managers were predicting it would soon top 2000.

Four weeks later, the market is well over 100 points lower, there has been a definite change in psychology, and investors are wondering nervously if the "July correction," which has knocked 6 per cent off the value of share prices, has run its course. Was July a sharp bump on the stock market's upwards advance, or did it mark the top of the hill?

The concensus on Wall Street remains that the market is going through a necessary correction after its 360-point rise in the first six months of the year. By Thursday evening, more than a third of this year's gain in the Dow had been lost but brokers are not rushing to tell their clients that the shake-out is over.

After last week's modest rally, analysts had been hoping that the market would stabilise above the 1800 level this week. However, the Dow shed 36 points on Monday, wiping out all of last week's gains. It was the third time in a month that the Dow has slumped on a Monday and investors are beginning to wonder if the day is jinxed.

The rest of the week has been spent recovering. Share prices received some support from the credit markets, where bond prices have been firming after their recent sharp declines. News of next week's $28bn US Treasury refunding and a $14.1bn trade deficit in June did not harm the rally in the credit markets, although they did not go unnoticed overseas where the dollar has been hitting fresh lows this week.

By yesterday morning the US dollar was being traded at DM 2.08, its lowest level against the D-Mark since March 1981, and the dollar had fallen below Y154, its lowest level ever against the Japanese currency. A year ago, the dollar was trading at DM 2.85 and Y238 and foreign exchange traders are betting that the dollar will test fresh lows, since the US Government is showing little inclination to arrest the decline.

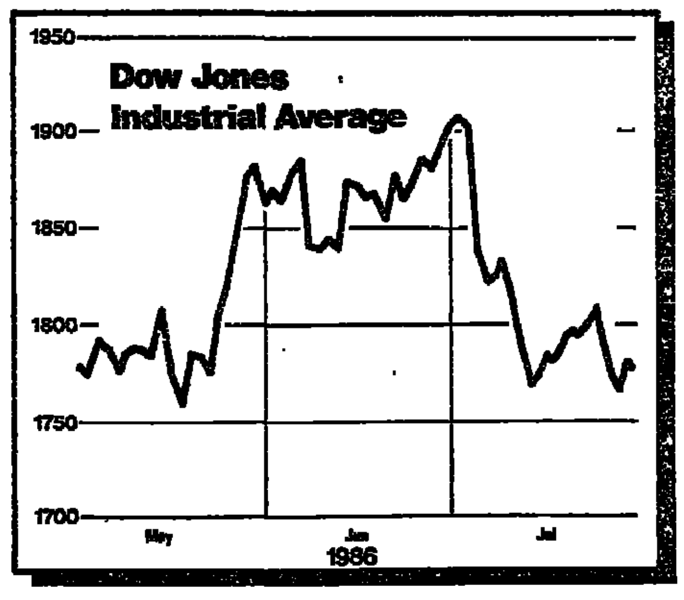
Japanese investors, who have been major buyers of US government paper, are almost certainly worse off now than they were a year ago once their portfolios are adjusted for the decline in the dollar, even though the overall stock market is up by a quarter.

The steady drop in the dollar over the past month plus the rise in the gold price, which reached a two-year high of $362.70 on Thursday, has changed investment perceptions on Wall Street. "It raises the possibility that foreigners will be less accommodating in financing America's debt and this eliminates some of the Fed's flexibility (to respond to the sluggish economy)," says Michael Metz, a stock market analyst with Oppenheimer and Co, who believes there could be upward pressure on US interest rates as a result.

Metz says the direction of the stock market has changed: "It is no longer unambiguously upward and I think at best we have a long period of digestion and a fair chance that the market will have another move downwards before it stabilises." He remains bullish, though, about the long-term direction of the market.

Yesterday's stronger-than-expected rise in the US index of leading economic indicators for June, and the 0.2 per cent drop in the unemployment rate to 6.9 per cent in July, showed that the economy might be showing signs of strength just when the analysts appeared to have given up hope. The news will help quell talk of a recession but it is not sufficient to force analysts to begin upgrading their earnings forecasts.

The second-quarter earnings reports from the US corporate sector were disappointing and analysts are becoming increasingly sceptical over whether there is going to be any increase in overall profits this year — which means the market could have difficulty sustaining its current multiple of more than 16 times the 1985 earnings of the Standard and Poor's 500 index.



This week saw further bad news from the heartland of industrial America. Bethlehem Steel, one of the biggest in the sector, posted a $23.8m second-quarter loss and passed its preferred dividends. The company blamed the recent bankruptcy filing of LTV, the second-biggest steel-maker, for causing "some great concern and considerable uncertainty" within the industry, and indicated that it was going to do everything possible to avoid following LTV into bankruptcy proceedings.

This did not assure the market where Bethlehem's shares, which had started the month at close to $15, fell to under $7 at one stage this week.

Wall Street lost confidence in the steel industry's ability to drag itself out of the red some time ago. Nevertheless, the news of the growing financial problems of the industry, combined with the start of a strike against USX Corporation, the biggest steel-maker, is continuing to unsettle investors. USX, which along with Bethlehem is a constituent of the Dow Jones Industrial Average, saw its shares fall by ¾ to $15½ early yesterday morning.

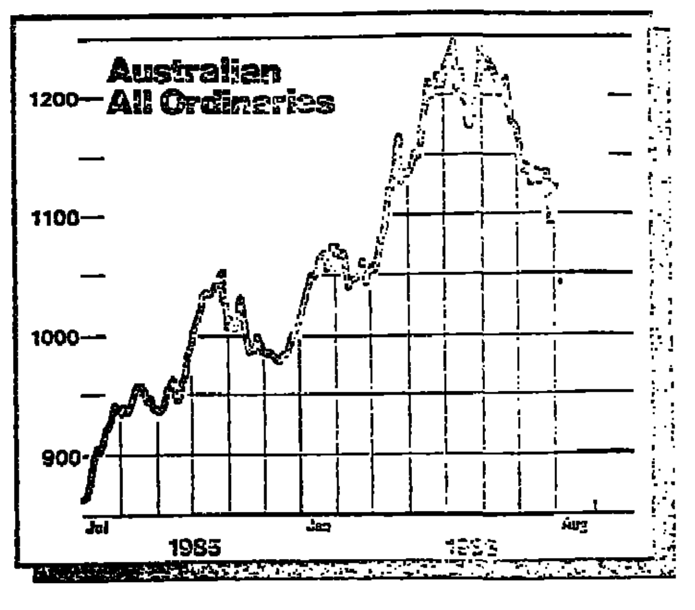
July has been a rotten month for a number of other blue chips. General Electric's shares fell by around 10 per cent to $73 and General Motors' shares were down by over 12 per cent at $68. Sears Roebuck's shares fell by $5½ to $43 and Schlumberger, one of the premier firms in the depressed oil services industry, saw its share price drop by around a fifth to $28¾.

Monday	1773.90	−36.14
Tuesday	1766.87	− 7.03
Wednesday	1779.39	+12.52
Thursday	1775.31	− 4.08

William Hall

Waiting for the Budget

Sydney



A CLASSIC example of the Sydney stock market's resilience occurred again this week. The latest ploy by the ubiquitous Robert Holmes à Court in the tussle for control of BHP turned interest back onto Australia's biggest company and held to lift the all-ordinaries index from what had looked to be developing into something of a nosedive.

At yesterday's close it was 30 points up on the week although the figure of 1124.8 was 4 per cent below the level of a month ago and represents a 10 per cent fall in the past two months.

Suddenly, however, the talk is not so much of the Federal Budget on August 19 as of who will win control of BHP — a stock that dominates the Australian market — and what sort of profits can come from backing the winner.

If the trend so far is anything to go by, increased interest in BHP also leads to renewed buying pressure on the other major industrials. The rationale for this is that the resolution of the battle for control of BHP appears likely to result in there being some very wealthy winners.

In turn, they would be expected to turn their profits back into the market and create another burst of takeover activity. So, the rest of the investment community gets busy trying to pick, and get set in, those stocks likely to be next on the shopping list.

All this is very well, but some older heads are still concerned about the Budget that the Hawke Government will hand down later in the month. It is felt generally that the Budget should, and will, be a tough one. What is more, it is coming not at a time of peak economic performance but when there is evidence that the Australian economy is slowing.

The local inflation rate continues to proceed at a level higher than other industrialised nations and there is a distinct problem with the balance of payments. Corporate profit growth appears to be flattening ahead of expected new taxes on capital gains and business costs.

To cap it all, the share market has been in a strong bull phase for two years and, in spite of the prevailing economic conditions, is still within about 12 per cent of the peak it hit early in May.

However, if there has been one thing to learn from the Australian share market performance in the past two years, it is that it has become remarkably resilient in the face of apparently bearish outside factors.

If things go quiet on the takeover front, as they had until this week, the market has shown that it can fall far and quickly, although some part of the most recent downturn must also be attributed to the conversion of "paper" profits into cash gains. The real test for the market would come if the takeover activity was to subside, the federal Budget prove harsh, and news from Wall Street continue to be not so good.

However, there seems [illegible] that the Holmes à Courts, Elliotts, Murdochs and Bonds will not continue to find targets in Australia — or overseas, for that matter.

Also, while the majority feel that an austere Budget could have a severe impact on Australian investor sentiment, there are others who feel a tough stance by Hawke and the Treasurer, Paul Keating, could continue to help the market along.

They reason that this could alleviate fears [illegible] international investment community that the Government is unwilling to take a hard line against the real cost of labour and government spending. International investment has long been a mainstay of the Australian share market [illegible]

In the weeks up to [illegible] — [illegible] takeover should again hold the key to local trading trends. Just a month after Budget day comes the annual meeting of BHP, an event which could give some clue as to how the battle for control of the company will go.

What is ironic is that even if there is a pause in the level of takeover activity, and the market does take a tumble, there would probably be a new batch of bid dramas, prompted by the bargains that became available, that would lift the market again.

Robert Kennedy

Real gold beats the black stuff

Mining

REMEMBER the good old days — seven months ago? They were when we welcomed — well, some of us did — the fall in oil prices to around $26 a barrel as a fillip to world industrial activity. Another reason, it seemed, why the UK industrial equity boom should continue on its merry way.

Our only concern was why the petrol price was still as high as 190p a gallon. We did not expect that falling oil prices would become too much of a good thing and leave us queasy in the North Sea with a surfeit of oil at under $10 a barrel.

Nor were we over-concerned about the possible repercussions of the ominous political rumblings coming from South Africa. And, most of all, sterling had not started to cower from the uncertainties of the next general election, which still seemed far away.

So, as we waited to welcome the brave new 1986, we may have been swapping summer holiday ideas. A cruise up the Rhine, perhaps, using Deutsche Marks which could be bought at DM 3.53 to the pound? Or, maybe, Spain again to please the children, especially at Pta 228 to the pound. Dad, always thinking of his food, favoured France at FFr 10.84 to the pound.

A pity nobody thought of buying gold at the time for £227, or $327, an ounce. It now fetches about £243, or $361. But some of the shine has gone off the Rhine with Deutsche Marks at only DM 3.10 to the pound, a cut of 12 per cent in holiday money. Pesetas at Pta 201 make Spanish ice cream dearer while French francs at FFr 10.09 mean less of the menu gastronomique for dad.

As our furry friend, the mole, was saying only last week, it is no good measuring the value of the pound against only the US dollar, which also is weak. Currencies are rather like those shooting gallery ping-pong balls which are supported (I've never understood how) on thin jets of water and constantly bob up and down against each other.

This makes it very difficult to estimate the earnings of companies such as Rio Tinto-Zinc, which are UK-based but draw income from international activities. On balance, however, they should gain when the money is brought home and changed into weak sterling. Thus, to some extent, they provide a hedge against sterling.

Meanwhile, lower half-year earnings are expected in September from RTZ in view of the lower energy prices and continued weakness in base metals, although some earlier estimates have been revised upwards. It is thought that the Australian arm, CRA, might soon take the final step to "Australianisation."

This could be achieved by a rights issue which would not be taken up fully by the parent RTZ, thus allowing the latter's holding in CRA to fall from its present 52.3 per cent to just under 50 per cent.

Stockbroker Buckmaster and Moore takes the view that this would be bullish for RTZ because it would mean that CRA's debt would be removed from the RTZ balance sheet and increase the latter's return on capital employed. At all levels, general opinion is that shares — down from 790p to 540p this year — remain a good holding for the long term.

That view could also apply to Amax, the US mining and metals group which now is struggling back to profitability after past horrendous losses. This week it has reported second-quarter earnings of $8m (£5.4m) to make a half-year total of $61.4m (albeit with the help of a gain of $80m from excess pension assets) compared with a loss of $430.2m in the first half of last year.

One ambition of Amax is to build up its gold interests in order to become a major world producer of the metal within a decade. Others have similar thoughts in mind. One wonders if eventually too much gold will be produced: the mining industry has fallen into this trap with other products in the past.

Still, that day has not come yet and, as Moley was anticipating last week, the gold price is now moving forward against the background of disarray in many currencies and economies.

● America's Battle Mountain Gold sold 119,000 oz in the first half of this year at an average price of $343 an oz. Production costs, including depreciation, fell to under $179 an oz, so it is not surprising that half-year net profits increased to $11.9m from $7.4m a year ago when prices were lower.

The company also is pressing on with building the 60,000 oz per year Pajingo mine in Queensland, which is due to reach full production by the end of next year. Queensland is also the home of Australia's biggest gold producer, the Kidston mine, which has been working better grade ore to more than double half-year earnings to A$29.46m (£11.8m).

Kenneth Marston

IN THE NEWS

Pru at Fawlty Towers

THE Prudential Assurance Company, Britain's largest house contents insurer, is spending over £100,000 on a crime prevention campaign aimed at getting householders security conscious. The centrepiece is a 12-minute video entitled "Stop Thief" featuring TV actor Andrew Sachs, of Fawlty Towers fame.

Insurance companies have been hit hard by the rising number of thefts, paying out nearly £220m on domestic theft claims last year, the Pru's share being £33m from some 50,000 claims. So insurance companies have been throwing their weight behind crime prevention campaigns providing videos, literature and expert security advice.

But as yet very few have taken the obvious step of encouraging householders to take security precautions by giving discounts on insurance premiums, Royal Insurance being one of the exceptions.

Most insurance companies take the view that it is in the householders' own interest to make life difficult for thieves and the role of insurance companies should be to exhort and provide advice and information.

This is the line taken by the Pru, with the emphasis on a softly-softly approach. It has avoided trying to frighten people into thinking that there is nothing they can do to stop the burglar.

Over 90 per cent of burglaries are committed by the opportunist looking for easy pickings in houses that are not difficult to enter. The theme of the video is that by making entry difficult, having neighbourhood watch schemes and marking items with special pens, the thief is deferred into going elsewhere—an effective, if somewhat anti-social ploy.

The video is available free from any of the Pru branches. The 12,000 agency force is *also available for help and* advice, backed by a security specialist at each regional office of the company.

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ENDOWMENT mortgages, cheaper than repayment mortgages, are being offered by TSB England and Wales from Monday as part of a special push by the TSB group to enlarge its share of the mortgage market. It has cut the rate for endowment home-loans to 11 per cent, while its repayment mortgages remain at 11.5 per cent. This unusual move reflects the growing popularity of endowment mortgages, which are being promoted strongly by building societies and insurance companies.

At the same time, TSB is launching a special mortgage package with three life companies — Norwich Union, Clerical Medical and Friends' Provident. It offers borrowers free home contents insurance for a year, and a guarantee that the loan required is available.

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NEARLY 1m pensioners are living below the poverty level simply because they do not claim all the benefits under the social security system to which they are entitled. This claim is made by Age Concern England, one of the main organisations in the UK representing pensioners' interests.

Some of these pensioners are *too proud to* claim what they still regard as charity—the stigma of the Poor Laws still lingers. But the majority of pensioners simply do not know their rights in a social security system that can baffle the brightest of us

Age Concern has just published its revised edition of "Your Rights for Pensioners." Dealing with literally thousands of queries each year, its staff are well placed to explain in simple language how the supplementary benefit system works, what other benefits can be claimed, in particular how to meet the cost of heating bills—possibly the biggest single worry for pensioners.

Copies can be obtained from leading booksellers and local Age Concerns, price 90p.

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A "TOP 20 Bond," which aims to pick out the best performing *unit trusts, was launched this* week by Murray Noble (Investment Management), with the backing of the Life Association of Scotland. Murray Noble says it will assess all the UK unit trusts with a track record (currently around 700) each day and list the top 20 in terms of potential growth. From these, four or five will be selected for the bond and reviewed daily. No trust will be chosen if its average growth, over the past 30 weeks, is less than that available in a building society.

The company stress the bond is a high-growth/high risk investment and is not suitable for taxpayers above the 45 per cent rate. The fund will not invest in a "spread" of trusts *for safety, but will simply seek* those with the best growth prospects. The company's normal stop-loss policy will be used as a safety net.

Switching unit trusts could prove costly since you face paying the spread between the bid and offer prices, normally 5 to 6 per cent. However, Robert Noble-Warren, director of Murray Noble, claims that the cost of the investor of any switch can be reduced to about 1 per cent by picking the right time to deal and reimbursing the normal commission (3 per cent). In any event, he does not anticipate frequent changes.

Initial costs of investing in the bond have been fixed well below average at 3 per cent (and 2 per cent for amounts over £10,000) and a further 1 per cent discount is offered during the launch period.

Over-sixteens

LEADING LADIES, the business expansion scheme fund which surfaced earlier this year as an exercise in positive discrimination to raise money for businesses run by women, plans to launch a second fund in late summer.

The first fund was introduced in January and raised £250,000 for women-directed ventures, the second should surface in early September and will aim to raise £500,000.

In contrast to the first fund, which adopted a broad investment policy in that the sole criterion for its projects was that they had to be run by women, the second fund will be more tightly defined. It will restrict investment to companies, run by women, within the consumer goods and service sectors.

"We learnt a few lessons from running the first scheme," said Ben Allport, Leading Ladies' managing director. "The range of investments will be much better defined for the second fund which should make the process of selection far simpler."

Each business venture applying to Leading Ladies for capital is scrutinised by a committee of five influential businesswomen which includes June Goodfield, the science historian, and Jennifer Laing, deputy chairman of Saatchi and Saatchi. The applications are also assessed by accountants Peat Marwick Mitchell.

In the first fund Leading Ladies opted for five projects. Two were established businesses, the knitwear designer, Pamela Currie, and fashion designer Sheelagh Brown; the rest start-up ventures an interior designer, a software house and Cachet, a magazine for what are euphemistically called "larger" women.

Some of the ventures which received capital from the first fund will receive an additional injection of finance from the second.

Cachet will receive a more immediate injection of capital from an individual business expansion scheme sponsored by Leading Ladies. The proceeds of the first fund were used by Cachet for research and development. The magazine now plans to raise up to £400,000 from its individual scheme to finance production.

The scheme will release up to 400,000 ordinary shares in Cachet for £1 each. The subscription list has already opened and will close by August 8.

The editorial team of Cachet, *headed by Rhonda Davis* as editor, plans to produce a magazine for "larger women," that is for women who take a size 16, or more, in clothes. The initial circulation target is relatively modest, just 60,000, given that there are more than 7m women in the "larger" category in the UK. Cachet is expected to produce a loss in its first financial year, to March 31 1987, and to break even in the following year.

Although business expansion schemes have traditionally surfaced in a flurry towards the end of each taxation year, as the scheme has become more popular new issues have emerged earlier in the taxation year. Thus a succession of schemes and funds has already appeared this year.

Alice Rawsthorn

Good as gold and even better

John Edwards explains why the platinum market is glittering so brightly

FOR ONCE, the experts were right. Platinum has proved to be a much better investment *than gold during the past nine* months, and indeed has compared favourably even with the equity markets so far as UK investors are concerned.

At the beginning of the year, the Noble one ounce platinum coin cost £248 to buy: this week it was priced at £310 as the dollar price on the bullion market surged to over $450 an ounce—its highest level since early 1983.

There are two reasons for the recent surge in the price. One is increasing fears about a possible disruption in supplies from South Africa, which accounts for well over 80 per cent of total world production. The other main producers are the Soviet Union, which is an unpredictable and erratic *supplier, and Canada where* platinum is a by-product of nickel, whose output has been cut recently because of weak prices.

It is estimated that world demand for platinum will exceed supply for the third successive year in 1986 thus reducing surplus stocks even if South African production is maintained at its present high level of some 69 tonnes out of total world mine output of about 75 tonnes. So any major disruption to South African supplies could have a potentially dramatic impact.

It may take some time, to develop, however, since industrial users of platinum, such as car exhaust catalyst manufacturers, can be expected to have built up some emergency stocks for the short term and are pursuing the search for alternative means of "cleaning" car exhaust fumes.

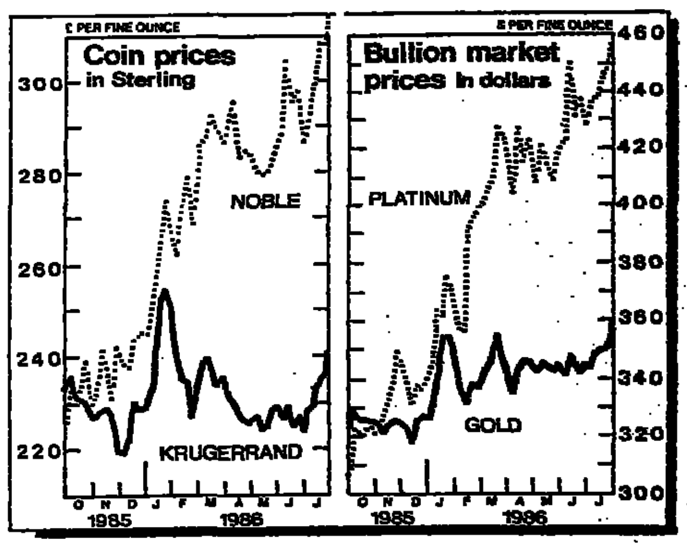
The higher the price of platinum goes, the more the search for substitutes in its main uses will intensify. Already the Japanese are reported to have substantially decreased imports of platinum for jewellery manufacture, in spite of the strong yen offsetting the strong rise in the dollar price.

For UK investors there are two basic reasons for looking at precious metals, like gold, silver and platinum. One is their traditional role as a "store of wealth", especially during times of crisis when the value of paper money is threatened. Many investment gurus still believe that for the long-term view any portfolio should include at least a percentage in raw materials with a basic intrinsic value.

Precious metals are the favourite, since they are easiest to store and transport, and are an international currency acceptable almost everywhere. Earlier this year (in April) the alert people at the International Gold Corporation, which now *promotes gold instead of the* krugerrand coin, picked up a surprising statistic in a Nationwide Building Society survey on housing as an investment.

Comparing rates of return, it showed that gold has outperformed home ownership and all other forms of investment, over the past 10, 15, 20 and 25-year periods up until 1985. Only during the latest five-year period from 1980 to 1985 was gold behind other investments, but it continued to provide a better rate of return than a house bought with a 25-year mortgage and sold in 1985.

Statistics can, of course, be used to prove almost anything and certainly anyone who bought gold in 1980 close to its peak of $850 would still be suffering a heavy loss in dollar terms, although the sterling price of gold reached its peak of £279 in 1983 and the present price of gold around £240 is



showing a modest rise from the beginning of the year, when it was £225.

The second primary reason for buying precious metals is to protect yourself against depreciation in the value of your local currency as a result of movements in international exchange rates. Gold has just about fulfilled that function this year, but it has been far outperformed by platinum.

It is difficult to judge, just how much the potential "bad news" has already been discounted by the rise in platinum prices but certainly the market shows considerable signs of nervousness in spite of the apparently very strong fundamental supply-demand situation. Shearson Lehman in its recent mid-year review of the metal markets forecast that the price would move up to average $475 in the second half of 1986 and to $500 next year. It forecast only a modest rise for gold to $375 during the next six months and $400 in 1987.

The bare supply-demand outlook justifies a continuing rise in the platinum premium, since gold production is booming outside South Africa, and there are large surplus stocks, not being eaten up by *industrial* consumption as is the case with platinum.

However, historically the gold and platinum prices have been strongly linked together as alternative stores of wealth. The last major divergence was in 1978 when platinum moved to a large premium, touching $1,000 an ounce briefly in 1980, before collapsing to $300 in 1982 and moving to a discount below gold. Perhaps that traditional link has been broken, as appears to have happened with silver where the price has been weighed down by a surplus of supplies depressing the market. But undoubtedly some metal traders will view the differential as an opportunity to buy *gold and take their profits on* platinum.

The small investor not willing or able to gamble in this way faces a difficult choice. You can either hang on to any platinum holding you might have as a long-term investment, buoyed up by the knowledge that you have already achieved a very decent return this year. You might also be tempted to take a short-term view and buy more if you feel sterling is going to fall lower, that the stock market is going to take a dive, or that the political situation in South Africa is going to worsen. Holders of gold who have suffered from a series of false dawns and considerable disappointments over the past few years must presumably be taking the long view if they are still holding on.

When compared with platinum, there seems to be a better upside potential for gold, but the market is likely to be dampened as long as inflation in the western world remains low, putting gold, with no interest or dividend returns, at such a disadvantage compared with other investments. Unlike platinum, it has no real threatened shortage of supply to bolster the price and has to rely on fears of renewed inflation or weakness of the dollar.

Significantly, perhaps, this week the price of krugerrand coins at one stage slipped to a small discount below the London bullion spot price. This, of course, reflects the move away from krugerrands into the wide range of other gold coins now available, notably the Canadian Mapleleaf.

There is no reason for holders of krugers to panic. It is not illegal to own them, only to import them. The problem is that there are few buyers at present, with the political odium attached to South African products, but they are unlikely to move to a significant discount to the bullion price since, as the last resort, they can always be melted down and turned back into bullion.

Funds of funds

WHEN THE "fund of funds" unit trusts were launched last October they received a generally bad press. They were compared, somewhat unfairly, with the notorious Bernie Cornfeld IOS fund, which lost investors a great deal of money, but was in reality a totally different animal.

More seriously many unit trust groups claimed, and still do, that the fund of funds concept, where the master unit trust invests in captive subsidiary unit trusts, was merely a poor alternative to a normal international unit trust and was likely to cost the investor a good deal more in charges, while performing in an inferior manner.

This week two of the first fund of funds reported their results. And, while it is early days yet, they seem to have chalked up fairly creditable performances.

The Abbey Life Mastertrust, launched at the end of October, said in its first report to unitholders that the offer to offer unit price had risen by 31 per cent in the period of May 31—the first accounting date. This, according to David Glasgow, managing director of Abbey Unit Trust, means that it has comfortably outperformed the average 24 per cent gain in comparable international growth unit trusts.

Save and Prosper, in its first report on the Masterfund introduced in November last year, was not quite so good. Nevertheless the rise in its offer to offer unit price of 18.8 per cent, up to June 4, is compared with an increase of 17.5 per cent in the FT Actuaries All-Share Index.

As the table giving more up-to-date figures shows, Barrington Planned Investment, the other pioneer fund of funds launched in October, has done even better so far.

At the same time, after a slow start, the fund of funds seem to be gaining in popularity. All are reporting increased support, especially from small first-time investors in unit trusts, who find it difficult to choose particular funds and prefer to leave the decision to someone else.

Supporters of fund of funds say that they are leading the battle to win new investors to the unit trust movement who traditionally have kept their money on deposit in building societies or banks and are suspicious of switching to shares. They are also being wooed strongly by the spate of managed portfolio funds. Standard Life, for example, has attracted over £106m, since its managed fund was launched in May.

John Edwards

PERFORMANCE OF FUNDS SINCE LAUNCHED

	Date Launched	Price	Price Offer/Bid Valuation Date	% Change
			29.7.86	
Abbey Mastertrust Unit Trust	28.10.85	50p	67.3 (o)	+34.6
			63.3 (b)	+26.6
FT All Share Reinvested 30% tax				+17.8
			29.7.86	
Britannia Managed Investment Fund	10.01.86	50p	59.7 (o)	+19.4
			56.0 (b)	+12.0
FT All Share Reinvested 30% tax				+16.0
			23.7.86	
Barrington Planned Investments (Weekly Valuations)	28.10.85	100p	136.1 (o)	+36.1
			127.9 (b)	+27.9
FT All Share Reinvested 30% tax				+20.7
			29.7.86	
Midland Managed Portfolio Fund	10.03.86	50p	53.6 (o)	+7.2
			50.7 (b)	+1.4
FT All Share Reinvested 30% tax				+1.4
			29.7.86	
S & P Masterfund	02.11.86	25p	30.66 (o) (inc. 0.16 div.)	+22.6
			28.76 (b)	+15.0
FT All Share Reinvested 30% tax				+16.5
			29.7.86	
Sun Life Master Portfolio	20.05.86	25p	26.9 (o)	+7.6
			25.2 (b)	+0.8
FT All Share Reinvested 30% tax				−1.0

Source: Opal Statistics/IDC

Higher interest

THE BATTLE by building societies to attract investors with special high interest rates continues. A limited issue investment bond, offered by Alliance and Leicester, guarantees *an annual interest rate* of 3.25 per cent above the basic share account rate for one year from the close of the issue. Monthly interest is guaranteed at 3 per cent above.

No withdrawals can be made for the first year, but after that only 28 days' notice is required. The minimum investment is £2,500. Bradford & Bingley has reintroduced its high interest account rate, paying 3 per cent above the ordinary rate. Currently this gives 8.25 per cent annually. The account can be opened for a minimum of £1,000, but you have to give 90 days' notice of withdrawal to avoid a loss of interest penalty.

Bristol & West has brought in a tiered rate on its special three-month account. Balances of £10,000 and above pay 8.25 per cent compounded annually; and £25,000 and above 8.5 per cent. Those between £5,000 (the minimum) and £10,000 receive 8.05 per cent.

The Halifax has increased its rate of balances of £25,000 and over to 8.25 per cent net (8.42 per cent compounded annually). Withdrawals can be made immediately, without penalty, provided a balance of £5,000 remains in the account.

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AN OFFSHORE "Hi-Yield" cheque account has been introduced by Royal Trust Bank (Isle of Man), a subsidiary of *Royal Trustco of Canada.* Accounts can be opened in sterling, US or Canadian dollars for a minimum balance of £2,000 or $10,000.

The bank says it is able to offer a higher rate of interest than normally obtained from a seven-day bank deposit account, because of its involvement in world money markets. Interest is calculated daily and paid quarterly without any tax deduction.

Personalised cheque books, allowing instant access to funds held, are available in different currencies, including a multi-currency book which allows you to draw cheques in Canadian dollars, Deutschmarks, yen and French and Swiss francs.

Play in the big league

WHAT HAVE soccer star Gary Lineker and the chairman of ICI got in common? Quite a lot according to Polyshare, a group of Bath businessmen, who this week launched a novel way of measuring share price performance by copying the football league table method. It is a new game (a sort of poor man's Times Portfolio) you can play via your Prestel screen.

The Stock Market League, as devised by Polyshare, is made up of 147 leading companies quoted on the London Stock Exchange, divided up into seven groups of 21 in similar trading sectors—such as supermarkets and stores, and banks, insurance and property. Companies within each group are then paired together to "play" daily "matches" against each other based on their comparative price performance that day on the Stock Exchange.

The company whose share price moves up most, or declines least, is the winner, earning two points. Up to six more points are awarded according to whether the share price went up or down. The matches are arranged so that each company "plays" all the others in its particular group once every 21 days. The points scored decide the position of the companies in the separate league tables compiled for each group.

Polyshare claims that the Stock Market League, while appealing to a wider range of people who are unwilling or unable to deal in actual shares, also has a serious underlying purpose in that the league tables may provide a useful guide for investors in picking out active stocks and best performers over a 21-day period.

But so far it has been unable to produce any evidence that the result of the fictitious matches truly reflects stock-market performance or prospects. A share rising by 1 per cent, for example, could well gain as many points on a particular day as one increasing by 10 per cent.

Initially, Polyshare will be staging competitions, offering small cash prizes (around £100), for Prestel users wanting to forecast who will head the league tables or produce the best performance. This is to encourage users to dial up the relevant Prestel page (721) and pay 10p per page.

But this is not the main aim. Polyshare believes that there are lots of gambling and promotional applications that will go down well with the British public, with its renowned love of a flutter. It has teamed up with Mark McCormack's International Management Group, better known as agents for well known

sportsmen, to promote the whole idea. Who knows it may be more fun, and less painful, to back Sainsburys playing Tesco, rather than having to buy actual shares in the companies or fill in the pools.

John Edwards

Trap for leaseholders

FEW PEOPLE who take out leases on property realise that they can remain liable to pay the rent and carry out other obligations right up to the end of the lease—although they may have subsequently assigned the lease to a third party. An Appeal Court judge has called this part of the law "a trap for the layman," moves for reform have begun.

An example of this "trap" occurred in a case in 1984. In 1973 a tenant took a 21-year lease at a rent of £20,000 a year, with rent reviews at seven yearly intervals. The original tenant assigned the lease, with the agreement of the landlord, in the same year. The landlord later agreed to some alterations which increased the rental value and the rent was reviewed in 1980.

Eventually, the current tenant was unable to pay. The landlord sued the original tenant (among others involved) for the total sum due—by then, no less than £110,000. So the original tenant found himself liable for a six figure sum under a lease which he had transferred more than a decade earlier.

In a nutshell, the historical reason for this is that a lease, besides granting an interest in the land, is a *contract*. Parties to contracts are not released from their liabilities by passing these on to somebody else — or, indeed, even by death.

The lot of an original tenant is, accordingly, not a happy one. Parting with the property, he loses control of the lease. He cannot therefore:

- Take part in a rent review, which review may raise the rent to very high level;
- Carry out repairs for which he may be subsequetly forced to pay;
- Stop the landlord agreeing terms with a current tenant which may increase *his* eventual bill;
- Force the landlord to take the lease back from a current tenant (the landlord may prefer to keep the lease running if rents have fallen);
- Himself take the premises back without great difficulty and expense.

It is true that each holder of a lease has a right to indemnity by the person to whom he transferred it. In practice this is likely to be of limited use because a claim will probably only be made when a current tenant cannot pay.

A few decades ago this rule was of little importance: landlords, in practice, only claimed against their current tenant. Nowadays it is becoming increasingly common to bring proceedings against the original tenant as well. Most cases about rent relate to business premises because few dwellings are now let at market rents: but the same rule applies to delapidations on residential property, and these can be very heavy.

In these circumstances it is not surprising that the existing law is criticised. It is said to be intrinsically unfair, inconvenient in practice, and to place heavy burdens on people who have long parted with their property. Critics claim that the law is particularly unjust in cases where a landlord inserted a clause in the lease forbidding assignments without his consent, and then agreed that the lease should be transferred.

Critics also point out that a guarantor of the original tenant is, in effect, forced to guarantee all the tenant's successors. Finally they claim that many landlords now arrange matters so that intermedate tenants are also liable, thus giving landlords excessive and unnecessary protection at the expense of their former tenants.

But not all the arguments run one way. Tenants taking a lease can insist on special terms to relieve them of this liability—although it would be rare, in practice, for them to have enough bargaining power to do this.

The Law Commission has recently issued a consultative document which provisionally concludes that original tenants should no longer be liable under leases they have assigned even in the case of leases predating any change in the law. They ask for comments, and these should be addressed to: Peter De Val at the Law Commission, 37-38, John Street, London, WC1N 2BQ.

Stephen Edell

Value of your pension

Eric Short spells out the detailed information to which all members of company pensions will be entitled from November.

ON NOVEMBER 1 this year, employees who are members of a company pension scheme will be entitled to ask, not more frequently than once every 12 months, for a statement of their benefit entitlements under that scheme.

To meet this legal requirement, it is expected that most pension schemes will issue such benefit statements annually to all members, if only to avoid the administrative work of dealing with requests at various times during the year.

The Government, for once, has listened to the arguments of the pensions industry and has not imposed a standard format for these statements. Instead, it is leaving employers and trustees to decide with employees what information to present and the form in which it is to be presented.

This gives employers the opportunity to promote the pension scheme and all other benefit schemes for their employees — promotion that many feel will be necessary if company pension schemes are to survive against the new competition from personal pensions.

For most employees, the company pension scheme, together with other employment benefits, forms the centrepiece of their personal finances. An annual benefit statement will show them how they and their dependants would fare financially under various circumstances — sickness, death, retirement—so that they can identify gaps in coverage and make personal arrangements to fill those gaps.

So what information should the statement include? One central theme should be not just to show what the company provides, but to set out the total benefits—company and State combined — that will be received.

Thus the statement could deal with each of the following items:

Sickness: Most pension schemes have provision for ill-health retirement, often on a discretionary basis. This benefit, if quantifiable, should be shown here. However, the statement could set out the employer's policy on sick pay, together with details of any personal accident insurance provision provided.

If the company operates a group permanent health insurance scheme, then the benefits from this scheme should be included on the statement. Although it is difficult to set out State sickness benefits, a statement of basic payments could be included. This section would enable the employee to identify whether he or she would have enough money to cope with short- and long-term sickness.

Retirement: Employees want to see how much pension they will get at retirement. The statement should not endeavour to forecast final earnings on the style of a life company projection. The most meaningful figure would be the pension benefits on current earnings in two forms—the full pension and the alternative lump sum and reduced pension.

Such a figure will give employees an idea of real value of the pension, accepting that it does not include any allowance for promotional increases or that earnings growth over the rest of the employee's working life may fail to match inflation.

Then the statement should show the basic State pension (assuming the company scheme is contracted out) and the combined figure—State plus company—which shows the total remuneration, at today's values, an employee would receive.

Finally, the value of Additional Voluntary Contribution arrangements could be included. There is, however, some problem with this.

Most AVC schemes operate on a money purchase system. Thus the current accumulated value is known precisely, but it is not possible to project with any precision the final figure or what pension this would produce. It will need a certain amount of discussion and consideration by all parties to decide on how to present the value of AVC benefits.

This section would show an employee whether he or she needed to boost prospective pension levels with an AVC arrangement.

Death in Service: This would show the financial position if an employee were to die tomorrow. There would be a tax-free lump sum—allocated at the discretion of the trustees—and, according to circumstances, spouses' and dependants' pension. In addition, the statement should show State widows' and dependants' benefits.

The statement could remind employees of the trustees' discretion on the payment of the lump sum—an important point where there are tangled marital circumstances—and include a form on which the employee could state his wishes in respect of who should benefit from that payment.

Death in Retirement: This should show the spouse's pension, plus any lump sum benefits, such as the balance, if any, of the guaranteed first five years' pension payments.

Contributions: The concern of many employees, however, is not what the benefits might be, but the amount of the deductions from their earnings. The statement could show both National Insurance contributions and contributions to the company scheme—the latter net of tax. This would help employees to ascertain whether they had cash to spare for some form of private savings.

Employers should take the opportunity to show their employees the extent of their contributions to the pension scheme. But this needs to be done with care. A statement that the employer is contributing x per cent of payroll will cause nothing but trouble if the employee leaves service before retirement, since he will think that the employer has contributed x per cent on his particular account.

A statement of the total payments into the scheme in the previous financial year would indicate to employees the commitment of their employer.

Finally, the statement should be produced in a form that is easily readable by employees. In particular, it should avoid pensions jargon. Employees and employers could discuss the exact means by which it should be distributed to employees. Some employees might not want it sent to their homes—they might not want their spouses to see the statement.

It could be produced in a colourful booklet form, not just to look smart but so that it would be easily identified among a mass of papers in a bureau or personal file.

Baby Bonds tie up the taxman

PARENTS, grandparents, godparents and other relatives who took out Baby Bonds with the Tunbridge Wells Equitable Frendly Society up to March of this year can now rest easy.

The Inland Revenue has informed Peter Gray, chief executive of the society, that these bonds are qualifying and will remain so when the options are exercised, thus reversing its previous ruling. Peter Gray has been vindicated in his arguments with the Revenue that the bonds conform to legal requirements.

However, this move represents only a minor victory for the Society. Investors will not see a return of these old-style highly tax-efficient Baby Bonds written in the tax-exempt fund of the Society. Mr Gray has failed to reverse the Revenue's decision that mass marketing of baby bonds, or any other new product in the tax-exempt fund, is illegal.

The ruling that business from new products must not exceed 10 per cent of the tax-exempt fund still stands despite all Mr Gray's eloquence.

Investors interested in making gifts to children have to use the new-style Baby Bond written in the taxable part of the fund. Sales of this bond are going well—over 4,000 in a few months.

The other society to fall foul of the Revenue is the Oldham-based Time Assurance. Because of its mrketing back in 1966, Time Assurance lost its tax-exempt status, a feature that was not realised by the society until recently, having sold some 1,000 tax-exempt policies, including Baby Bonds, between July 1985 and March 1986.

However, the Revenue is allowing these policies to stand providing they are left unchanged in a special separate fund. Time's chief executive David Cox confirmed that the tax-exempt business was a small part of the overall funds and the Society would continue as normal marketing taxable business. He has no intention of converting Time Assurance into a life company.

This situation is far from satisfactory. Friendly Societies do not know whether they are coming or going. Peter Gray claimed that the time has come for a review.

Mr Peter Gray: His case was vindicated

Indeed, a steering committee drawn from members of the friendly society movement has been considering the whole position. It hopes to produce a document in the autumn setting out how it sees friendly societies developing in the future and what changes in legislation would be needed.

E. S

It's all change for unit trusts

BIG CHANGES in the regulations surrounding unit trusts are expected to be announced on Wednesday next week. The long-awaited report on the unit trust industry by the Department of Trade and Industry is believed to include some radical proposals, including a change of the pricing basis currently used and approval for a whole new range of unit trusts to be made available.

The Financial Services White Paper foreshadowed the liberalisation of unit trust operations and the Bill states that rules would be drawn up on the operation of unit trusts incorporating the EEC directive on Collective Investments. The DTI has now prepared these draft rules.

The most important change affecting unitholders is a proposed complete revision of the unit pricing structure. At present there are separate offer (at which you buy) and bid (at which you sell) prices calculated in accordance with a laid-down formula. The spread between these prices averages around 6.5 per cent but can be as high as 13 per cent.

This is expected to be changed to a single unit price, based on middle market values of the underlying securities with buying and selling margins on the single price. This change will avoid sudden movements in prices from managers changing the pricing structure and will reflect movements in values of the underlying securities. Managers presumably will be able to change their margins, but must publish the current margin values.

The DTI is also expected to propose allowing new kinds of authorised unit trusts, extending considerably the restricted range of funds currently permitted to operate onshore and including many funds currently forced to go offshore. These will include:

- Cash funds investing in a wide range of money market instruments.
- Currency funds investing in overseas money markets.
- Property funds investing in prime commercial properties and associated property investments, with a minimum 15 per cent liquidity. (However, it will not be allowed into propert[y] development or to invest i[n] residential property.)
- Commodity funds investin[g] directly into futures, optio[ns] and commodities themselv[es] with a minimum liquidity leve[l].
- Financial futures funds, e[n]suring a wide spread of hol[d]ings.
- Mixed funds of equitie[s], properties and fixed intere[st] holdings—an expansion of t[he] fund of funds concept—pavi[ng] the way for personal pensions.

Greater flexibility will also [be] allowed on the charging stru[c]ture of trusts. Rules will [be] made on the forms of mana[ge]ment charges making vario[us] new permutations available.

E. S

Cheque, mate

THE WARNING, repeatedly given by the banks, to keep your cheque book safe and separate from cheque card, cashpoint card or credit card has never been more relevant. Robberies and petty thefts are on the increase. Recently, 329 blank cheques were stolen from the Alliance and Leicester Building Society; 229 were drawn on the Royal Bank of Scotland in Edinburgh and 100 on Barclays Bank in Brighton.

If your cheque book is stolen or mislaid you should, of course, contact your bank immediately. It will have a record of the numbers of the cheques issued to you, and it is a relatively simple job for a clerk to examine your account, check which ones have been paid, and place a "stop" on the remainder.

The bank will normally act on your telephone instructions, but you should send written confirmation as soon as possible. To be valid a stop must actually come to the direct notice of the bank. Do not put a letter requesting a stop through the bank's letter-box; it may be hours or even the next day before the box is cleared.

The right of stopping payment exists up to the moment when the bank is about to pay, or bind itself to pay, a cheque. If the bank then pays the cheque by mistake it is liable to its customer for the sum involved and it cannot claim reimbursement from the payee. However, if the cheque was given in respect of goods it may have a claim against the goods.

When a cheque you have already written is lost, tell the bank the number, the date, the amount and the name of the payee. The cheque number is especially important, because should you give the wrong number and you subsequently issue a duplicate cheque the bank may pay the original believing it to be the duplicate. In these circumstances it cannot be held responsible.

If you lose a cheque which is payable to you, contact the drawer, because you cannot authorise a stop on the cheque. Should you be unable to get in touch with him, but you know the bank on which the cheque is drawn, tell it.

Any party to a joint, partnership, executors' or trustees' account may stop a cheque, regardless of whether any other party or all the parties signed the cheque. However, the authority to remove a stop can only be given by all the parties to the account, irrespective of the mandate.

A cheque is a legally binding promise to pay a sum of money. If you stop payment without justification the payee can sue you for the sum involved. He may also have a claim against you for breach of contract.

You cannot, of course, stop a cheque which has been issued against your cheque guarantee card.

Harold Baldwin

• FINANCE & THE FAMILY •

Protecting a bride

My daughter is shortly to be married and, being very realistic, is concerned to protect her financial position in the unfortunate (but not uncommon) event of a breakdown of the marriage. At the same time she does not wish to sow the seeds of mistrust and meanness which might contribute to a breakdown.

With a great deal of determination and self-sacrifice and some parental help, she bought a house last year with an endowment mortgage for £30,000 and furnished it, and considers that she is bringing about £10,000 to the marriage. Her fiancé, though very kind and generous, will initially contribute nothing financially. Both earn reasonable salaries, he somewhat more than she. If he left her at any time after marriage, he would, I believe, own half her £10,000. Can you please suggest what can be done to protect her interests?

The house can be settled on protective trusts for your daughter during her life with remainder to her children, or failing any children who survive her, to such one of several designated people (being alive now) as the trustees should appoint. This class can include the prospective husband. Such a settlement is not wholly immune, but is not likely to be disturbed in the event of there being a divorce.

The law's delays

My solicitor received £2,000, as my agent, two years ago and is still holding it in a deposit account. The individual who sent this payment was perpetrating various frauds and fled the country. Scotland Yard pursued him and he is very unlikely to ever return. As a direct result of this person's deceit I incurred losses of over £2,000. We did not finalise the exchanging of any legal agreements or contracts.

I maintain that my solicitor should account to me for the £2,000 and that I should indemnify him for any possible future proceedings or actions against him for the recovery of the money. My solicitor is not so sure.

We have verified that the individual concerned has no legal representative and no trustee in bankruptcy has been or will be appointed on his behalf. Unless some initiative is taken the monies will therefore remain with my solicitor indefinitely as no one, other than myself, will claim it.

If the individual concerned had tried to reclaim the money he had paid then I would have counter-claimed for deceit and the matter would have been resolved by the courts.

Other than accounting to me for the money received I consider that my solicitor has only two other alternatives: to ask the courts for assistance decisions, or withhold the money indefinitely.

I do not think there is any justification for involving the courts and consider it unreasonable for my solicitor to withhold the deposit indefinitely. I already consider that my solicitor has not acted in my best interests by keeping the money for two years without any action whatsoever. Our relationship is becoming very strained. My solicitor is stalling because of a remote chance that there may be a future claim, other than my own, for the money.

Could you offer a solution to this stalemate?

Your solicitor is being very cautious, but we think that he is justified in his caution. Your better course would be to obtain a default judgment against the absconding party and then to obtain a garnishee order against the fund which your solicitor holds. This would enable him to part with the money without risk to his own position.

Ground rent diverted

I am Chairman of a residents' committee charged with the maintenance of new luxury flats (so advertised) on long leasehold. Leasehold terms require the residents to pay ground rent to the freeholder, and also to maintain the flat complex in good order. They are fully discharging that second obligation.

The last flat to be occupied for the first time was in early 1984, but two years before then instances were arising of sub-standard, even shoddy, workmanship in the initial provision. They are well documented, and have increased in number to the point that the residents feel very strongly that the freeholder has obligation to cover at least some of the cost needed to correct them. He maintains, verbally, that he has not such responsibility at all and this attitude has angered many residents to the extent that they wish to divert their ground rent payments towards the expense of restoration.

I am told that this process of "set-off" is not unknown in commercial transactions for balancing disagreement over goods and services. Is it good law in the resident's case; or is the payment of ground rent sacrosanct?

It is possible to set off rent against a liability of the landlord to the tenant which arises directly out of the relationship of landlord and tenant. This may not be permissible where the liability is that of the landlord in a different capacity (eg builder) unless the obligation is also undertaken by the landlord under the lease.

Losses on BES deal

I invested £6,000 in a private company in 1983 and claimed and received tax rebate under the business expansion scheme. At the same time I entered into an agreement with the bank and others to guarantee the company's overdraft up to £5,000.

It looks certain that the company will go into liquidation shortly with a total loss of my investment and the guarantee. Would you please let me know my tax position, viz-a-viz claim for capital loss

1—Can I claim the loss of the full £6,000 of equity or must I deduct the BES rebate, which I have already received?

2—Can I claim tax loss on the £5,000 guarantee forfeited?

1—No relief is due: ask your tax inspector for the free explanatory pamphlet on the BES (IR51) (1983).

2—Yes, you may be eligible for CGT loss relief under section 136 (4) of the Capital Gains Tax Act 1979.

Fraudulent transfer

I have approximaely £100,000 in marketable securities and I owe £30,000 in capital gains tax, payable in late 1987. I have no dependants.

If I gave my assets away to charity and died before the CGT was payable, I would leave a bankrupt estate.

BRIEFCASE

Would the Inland Revenue have any recourse to the charities for the £30,000 debt?

Depending on how long after the gift the Revenue sought to enforce you or your estate's liability the gift might be set aside as a fraudulent transfer or as a fraudulent conveyance.

If there's a will...

I have been told that when solicitors, who are also sole executors to a will, delay by months the closing of the estate, there is very little that the beneficiaries can do to finalise the estate.

Also that any monies received from the closing of the deceased's building society accounts, etc, can be held in special interest bearing current or deposit accounts and this interest can be retained by the solicitors. Are these facts true?

It is correct that there is little that can be done to remedy a delay of the order which you indicate, as it would take some time to get a hearing in court of any proceedings which might be appropriate. It is not, however, correct that executors can retain the interest on assets got in by them. If money is realised it must be held on deposit in an account which is designated for the estate in question and interest will be credited to the estate. The beneficiaries will in due course obtain the interest.

Charity and the taxman

I am contemplating giving to a registered charity my substantial holding of a unit trust which was bought some years ago at a fifth of its present value. If I do this would I or the registered charity have to pay capital gains tax or inheritance tax? What procedures are necessary to implement the gift?

Inheritance Tax might become payable if you die within seven years of the gift and if the value of the gift is high enough.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

When you just want facts

Kevin Goldstein-Jackson concludes his series of Investor's Tales with some advice on how the private shareholder can keep abreast of developments on the stock market.

CITY institutions have analysts, chartists, and all sorts of researchers helping them to decide which shares to buy and sell. So how can the private investor keep up to date with company information and market trends?

When a company announces its financial results this can often have an immediate effect on its share price. To discover this information quickly and easily, the best way is to look at the BBC's Ceefax and ITV's Oracle teletext services, both of which provide coverage of quoted companies' results. However, it is a good idea to compare the information on each service as occasionally errors remain "on screen" for many hours.

For example, when Anglo Nordic recently announced its results, according to Ceefax the shares went up 4½p while Oracle was correct in stating that the shares had gone down 4½p.

When GEC announced its results, Oracle claimed the company had achieved pre-tax profits of only £701,000 on sales of £5,253m when the correct figures of £701m and £5,253m were given on Ceefax.

The teletext services also provide regularly updated information on overseas stock markets and this is especially useful bearing in mind that what happens on Wall Street usually has consequences in London, too. Unfortunately, neither service runs throughout the night: teletext appears only when there are TV programmes or a test card being screened. Perhaps these services should be "privatised" in order to provide continuous coverage?

I have also found that newspapers and magazines like the Financial Times, Daily Mail, Daily Telegraph, Fortune and Investors' Chronicle are very good at providing news on share stakes changing hands, boardroom profiles, company results and other information helpful in assessing the merits of a particular share.

"Tip sheets" such as the Penny Share Guide can, if used with caution, also be rewarding. My purchase of shares in Times Veneer at 17½p each earlier this year was the result of a tip by the Guide and the shares rose rapidly to over 50p.

But not all the shares mentioned in "tip sheets" go up.

Some fall dramatically and it is well worth double-checking some of the "tips."

The Stock Exchange Year Book is in most public reference libraries and this gives basic financial and other details of UK public quoted companies. The problem with this book is that it is almost out-of-date as soon as it is printed.

Much more helpful are Extel cards. These contain the latest information as to a company's capital structure and profits. They also detail significant share stakes as well as much other useful information. My purchase of shares in Bronx Engineering at 17p per share was made on the basis of information contained in its Extel card: low capitalisation, large shareholding by directors, reasonable profit record, relatively low p/e, etc. Bronx Engineering shares have risen to over 30p. Extel cards cost £8.40 per UK listed company (£10.40 each for USM and OTC companies).

Another (and cheaper) way of obtaining information about a company is to write to its company secretary and ask for a copy of the company's latest published report and accounts.

It is also possible to inspect copies of the annual returns and shareholders' registers of companies at the Companies Registration Office, Companies House, City Road, London, EC1. The "search fee" per company is £1 and for this you can even take away the microfilm copy as well as look at it on one of the viewing machines provided.

Brokers, too, can be an invaluable source of information and a "last-minute" check before buying or selling to ensure that there are no current City rumours that might affect a company's share price.

"Knowledge is power," wrote Thomas Hobbes. The more knowledge one has about a company, the easier it is to decide whether or not to buy some of its shares.

Tax on gifts goes full circle

THE NEW inheritance tax, which radically changes the way death duties are charged and assessed, officially became law on July 25 when the Finance Bill went through Parliament.

The abolition of taxation on lifetime transfers of wealth means that the tax on gifts has gone full circle reverting to the situation before 1974. Gifts can now be made entirely free of tax always providing they are made seven years before the death of the donor. These include gifts by individuals to individuals, or accumulation and maintenance trusts, and trusts for the disabled.

● Barry Stillerman is the author of a new Stoy Hayward book, published by Kogan Page, Inheritance Tax—a Practical Guide (£8.35).

However, not all lifetime transfers are free of tax liability. The philosophy behind the inheritance tax is that any gift must be made outright. It is recognised that gifts to minors and the disabled requires special treatment and can be made by a trust, while remaining free of the tax liability. But other forms of gifts into trust will be chargeable transfers.

While the abolition of inheritance tax on certain lifetime gifts will help estate planning, especially for the wealthy, the rules dealing with "gifts with reservation" will in many cases make estate planning a more painful exercise. If a gift is caught by the provisions, the asset gifted is still beneficially owned by the donor.

The gifts with reservation rules are very complex and are likely to be one of the most difficult areas for people who wish to make a gift, without losing control. This is likely to be the main area in which avoidance arrangements will be devised and, in all probability, be challenged by the Revenue. Therefore in estate planning it will be important to take in account the various anti-avoidance cases and provisions.

One old estate duty case—Munro v the Commissioner of Stamp Duty—is of particular significance as it showed that if an interest was "carved out" before the gift was made then the gifts with reservation rules could be avoided in respect of the whole property. This would suggest that if a taxpayer who is, say, aged 65, wishes to give his property away but continue to live there he could "carve out" an interest by taking a leasehold for some 30 years and then give away the encumbered freehold.

But the Munro decision was made before the Ramsay and Furniss versus Dawson rulings which challenged the underlying basis of all tax avoidance schemes. Nevertheless there are likely to be instances where the "prior carve out" technique could well be used in estate planning.

The Inland Revenue recently confirmed that the existing practice of not charging capital transfer tax on death benefits payable from tax-approved occupational pension and retirement annuity schemes under discretionary trusts, will also apply to the new inheritance tax.

The use of a single premium bond became popular as a means of reducing liability to the old capital transfer tax. Often the donor wanted to make a gift while retaining the ability to take back the value of the bond if he so wished. Although this opportunity to have your cake and eat it has been seriously curtailed by the gifts with reservations rules, the basic idea of an interest-free loan arrangement can still work even under the new regime.

You can freeze the value of the funds passing into the scheme while retaining a form of annual income. The growth in the funds will accrue to your beneficiaries outside your estate.

It has been suggested that the abolition of tax on lifetime gifts, bearing in mind the need for the donor to live for seven years, will lead to a rush, especially amongst the wealthy, to transfer wealth before the next election when the rules might well be radically changed. But the practical implications of such action will need to be borne in mind.

Barry Stillerman

INHERITANCE TAX RATES (1986/7)

Chargeable estate £	Amount of inheritance tax £	Rate on excess %	On excess up to £
71,000	nil	30	24,000
95,000	7,200	35	34,000
129,000	19,100	40	35,000
164,000	33,100	45	42,000
206,000	52,000	50	51,000
257,000	77,500	55	60,000
317,000	110,500	60	remainder

Insure against those big bills

INHERITANCE TAX, under the new legislation, becomes payable once the value of the estate transferred on death exceeds a certain threshold figure (£71,000 in the 1986-87 tax year). With property prices continuing to rise, and personal savings building up too, it is quite easy for even the only moderately well-off to leave an estate valued at well over £100,000, leaving beneficiaries with a large tax liability.

Paying this tax bill might force you to have to sell the house, flourishing family business or other assets you would like to keep. Prior to the 1986 Budget there were all kinds of different schemes devised where you could protect yourself against capital transfer tax while at the same time maintaining control over your assets during your lifetime.

But the new legislation greatly restricts your freedom to do this any longer. You can give away your assets, but this may not be practical or convenient, and you can't guarantee that you will live for the seven years needed to make the gifts tax free. Equity & Law have come up with one solution—basically an insurance policy which covers the tax liability on your death. Called the Multi-plan Inheritance Protector, the policy is written in a trust to ensure that the proceeds are not liable to inheritance tax.

You make a single payment, which is invested in Equity and Law unit trusts (with an initial charge of 5 per cent and an annual fee of 0.75 per cent) and the profits used to fund the cost of life cover required to meet the potential inheritance tax liability. You can choose between standard cover, which presupposes the price of the underlying units rising by 7.5 per cent annually, or the maximum which assumes a growth of 10 per cent a year. Mortality charges, which reduce the number of units attached to the plan, are deducted monthly to pay for the life cover required.

The danger is that if value of the units falls substantially as a result of a poor investment performance, you face the choice of either paying an additional contribution or allowing the value of the units to reduce to zero and allowing the plan to lapse. On the other hand you can either surrender the policy early if the inheritance tax liability is reduced or make additional contributions if it increases.

John Edwards

Mr Fixit . . . at your service

THEY call him Mr Fixit. Sitting in the 18th floor of an apartment block in Boulogne overlooking the harbour, Maurice Gregson and his staff usually handle more than 200 calls a day during the busy season from motorists on holiday who have found themselves in trouble.

Mr Gregson, head of the Automobile Association's Continental emergency service, has seen it all over the years. He, and his staff, who man the telephones 24 hours a day, are prepared for anything—from arranging an air ambulance home for someone who might die, to tracking down a teddy bear lost in a motorway service centre between Boulougne and Paris.

The staff all speak at least English and French, so that they can answer inquiries from British motorists, then contact local garages, doctors or hospitals. Experience counts for a lot. Did you know, for example, that the clutch cable on a right-hand drive car may be a different length to one on a left-hand drive?

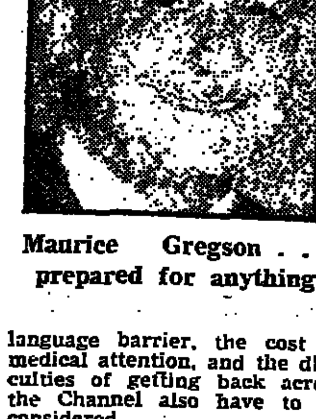
Mr Gregson was reasonably relaxed last Monday. "There've been no deaths or real emergencies over the weekend," he said. "But I am worried about a man who has broken his ankle and only had it strapped up. Surely it should be in plaster? I'm going to check with the doctor on the camp site before I make any arrangements for the man to be driven home."

Although the Boulogne centre covers 30 countries in Western Europe, more than 90 per cent of the emergency calls come from France—the main entry point for British motorists to the Continent.

In many countries the AA links up with local motoring organisations to extend its protection for British motorists. But it feels there is a great advantage to have a centre on the Continent, which is relatively easy to contact, especially in France with the spread of the Freefone system.

Working through local garages in France, Mr Gregson reckons that help for the stranded motorist can normally be arranged within an hour, except during peak seasons or in busy areas like the Riviera, where traffic jams are a major problem. But if you can't get your car going, overnight accommodation or even a return to England can be arranged. There is also a car hire arrangement with Avis.

Travelling by car overseas is not as simple as it seems. You are faced with a number of problems. Does your British insurance policy cover you, and to what extent? What happens if you break down, lose your passport or money, have an accident, fall ill and find yourself stranded in a strange place miles ahead from nowhere? The language barrier, the cost of medical attention, and the difficulties of getting back across the Channel also have to be considered.



Maurice Gregson . . . prepared for anything

Last year more than 600,000 people were covered by the AA's 5-Star overseas motoring insurance service, but many motorists still travel abroad without any special coverage in spite of the heavy additional risks involved.

You may not realise that the British motoring organisations' coverage stops on this side of the Channel, unless you take out a special overseas policy. A Green Card will extend your normal British car insurance cover, but it may not be enough if you get into some other kind of trouble when travelling abroad. That is where the emergency cover comes in.

The total cost of an AA 5-star policy is £30.75 for 31 days cover, or £24.50 for 10 days. For that you get what is called vehicle and travel security, but you may have to pay an additional £14.75 if your car is more than 10 years old and an extra £7 for a caravan or trailer.

For personal security, which covers loss of baggage, money, medical and other expenses as well as cancellation or curtailment of your journey, you have to pay another £8 to £10.75.

Britain's other major motoring organisation, the Royal Automobile Club (RAC), with a membership of 2.6m against 6m in the AA, offers a similar service with its Travellers Bond vehicle and personal protection policies. Its emergency centre for Continental travellers is Calais.

Charges are roughly comparable for both organisations, with minor variations according to the type of policy taken out. Like all insurance it might seem a waste of money if your motoring holiday proves trouble-free; but the knowledge that you are covered is worth something in itself.

If you do have problems, you may be thankful to have Mr Gregson or his RAC counterpart to help you out.

J.E.

Escape hatch for the world-weary

THE SUN begins to burn through the dense morning mist. Their colours growing more brilliant as the sky lightens, the twin lakes—one pale emerald, the other dark aquamarine—of the seven cities shimmer in the crater of a vast, extinct volcano.

The steep slopes that descend to the lakeside are covered in Japanese cedars, heather and hydrangeas. One legend claims that the lakes sprang from the tears of a shepherd and his beloved princess, forbidden by her father to marry beneath her station.

The other tale claims that a mythical king, who was childless, had a vision. In it, he was promised a daughter if he vowed not to look at her until she was 20.

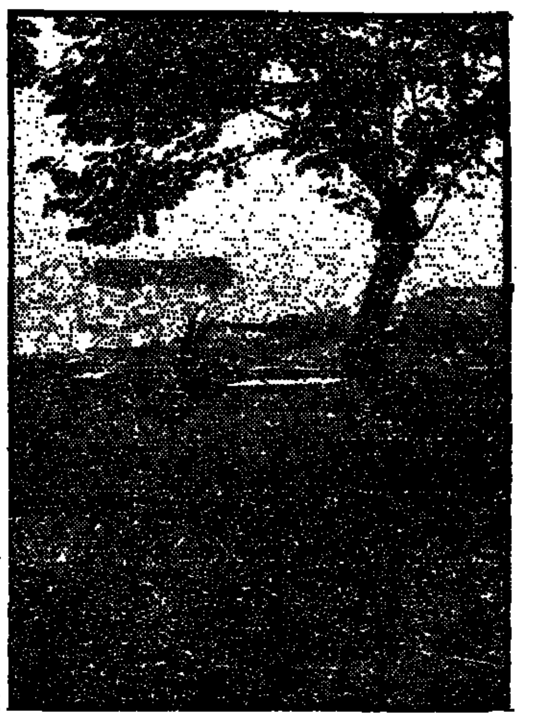
The daughter was born. To spare himself the tempation of *seeing his child too soon*, the king built seven walled cities around the princess. But paternal longing overwhelmed him: the king entered the seven cities and saw his daughter. The earth shook violently, and a tidal wave buried the cities. All that was left was two lakes—the blue *one* the bonnet of the princes, the green, smaller one, her shoes.

The lakes and legends were not born from some Nordic or Celtic myth but from the *volcanic history of the Azores*, nine small Portuguese islands lying in the Atlantic 900 miles west of Lisbon and just over 2,000 miles east of the United States.

The widely-scattered group of islands covers an area of nearly 1m square miles. They are bathed by the Gulf Stream which ensures year-round moderate temperatures, but though it neither freezes nor boils, the climate of the Azores is so softly damp as to be soporific, making the archipelago a great place for total rest and relaxation, early nights and balmy days, but not the sort of islands you would go to for an ostentatious sun tan.

For ramblers and lovers of unspoilt scenery, bird watchers and amateur botanists, for people content to sit and stare at the changing colours of the ocean or the tricks of shifting light on a soaring mountainside, *for the world-weary and noise-numbed*, the Azores are one of the few remaining undiscovered havens within reasonable flying time from European capitals.

Unless you are a Portuguese emigrant using charter flights from Boston or Toronto in summer to visit Azorean relatives, the only way to fly to the Azores is via Lisbon on TAP/Air Portugal. There is a daily non-stop evening flight lasting two hours from Lisbon to Ponta Delgada, capital of Sao Miguel, the largest and one of the most spectacular islands. On Mondays, a mid-morning flight goes *non-stop* to Ponta Delgada. On Thursdays, TAP flies non-stop to Horta, capital of the beautiful westerly island of Faial, a popular haunt of transatlantic yachtsmen and sports fishermen who catch marlin, sailfish and tuna in richly-stocked Azorean waters. The Lisbon-Horta flight lasts three and a half hours.



How visitors see the Azores: an island family and rural landscape on Sao Miguel

Diana Smith visits the Azores where the Duke of York took his Duchess on their honeymoon.

Shy about their assets—awesome scenery, lush vegetation, a menu of unusual fish like Rocaz which looks and tastes like lobster but costs a twentieth of the price, cheerful and almost overwhelmingly friendly people, and placid colonial architecture with unique grey-black basalt adornments on ubiquitous whitewash — the Azores have barely promoted themselves as hosts for today's travellers.

Most tourists are native sons or descendants of native sons, occupying every inch of available accommodation in high summer on their brief visits home to show off the wealth they have acquired in the US, Canada or Brazil. Or they are mainland Portuguese, lured by the colourful Santo Espirito festivities in early May in Sao Miguel Island when the streets are carpeted in white, pink, scarlet and mauve azalea blooms.

From early April, Sao Miguel is one long flower show. Azaleas grow wild on the slopes and at the edge of pastures, or are trimmed into giant bushes in parks and gardens like the grounds of the Hotel Terra Nostra in the spa town of Furnas to the east of Sao Miguel.

There giant ferns, azaleas, redwood and araucarias cluster around a naturally-hot pool fed by iron-rich water from an underground source.

Near Terra Nostra's quirkily 1930s hotel, with its cavernous dining room facing the towering azaleas, you can bake your lunch in strong-smelling sulphuric steam belching from potholes around Furnas lake.

Portuguese holidaymakers seem to find the novelty of cooking fish or chicken in the bowels of the earth worth suffering the smell and taste of sulphur that stays with you for a day or so after the meal. If you are a glutton for punishment and suffer from rheumatism or arthritis, you can try the foul-tasting hot springs and foul-smelling yellow-grey fumes of the Furnas geysers. Your joints may feel better; your palate and coiffure will not. The Azores regional government is renovating and reactivating the 200-year-old medicinal baths at Furnas as a lure for stiff-jointed travellers.

Run by the same company as the Terra Nostra, the Hotel de Sao Pedro by the waterfront in Ponta Delgada started out in the early 19th century as the residence of Mr Thomas Hickling, first US consul in the Azores, citrus merchant and general benefactor of the island. The hotel offers, for less than Es 4,000 off-season (£18) per person a night, including continental breakfast, the kind of eccentric, slightly faded grandeur lacking in today's glass and cement piles; not to mention bound copies of Punch in the bridge room.

The bedrooms have individual heaters, the public rooms log fires burning in basalt fireplaces — hedges against damp Sao Miguel nights. Since Ponta Delgada goes silent about 10 pm, rooms on the front overlooking the port and main portside road are no threat to deep, damp-induced sleep.

Nightlife in Ponta Delgada is as many light years from swinging Benidorm as Falmouth, Massachusetts is from Tijuana, Mexico. There are several small, friendly restaurants specialising in local fish, while wine drinkers would do well to order mainland Portuguese wines, either red or white, whose quality is finer than the local efforts. There is little to do after dinner but stroll around a house-proud city that is cleaner, dreamier and more hospitable than Lisbon.

In daytime, leisurely drives or strolls in the hills and around lakes, where the eye is caught by a sudden, surging volcanic cone, a rolling expanse of green where ubiquitous Holstein cows munch placidly on rich pastureland, sharing space with the horses dairy farmers use to carry milk to market, or by sheer cliffs sweeping down to the ocean, all help the visitor to Sao Miguel forget the existence of the word "stress."

The smaller, sparsely populated islands, some hardly bigger than outsize rocks, beg to be visited by travellers seeking quiet and a sense of timelessness. They include Pico (a half hour's ferry ride from Faial), Flores, Graciosa, Sao Jorge (which produces a variety of cheeses), and Corvo (reached by boat or local flights on SATA from the larger islands of Sao Miguel, Santa Maria or Terceira).

If the traveller has limited time, he or she is best advised not to try the Azores in January or February when high winds may make it impossible for planes to land or take off for several days. But in spring or autumn the islands said to be the tip of the lost continent of Atlantis are a tired traveller's haven.

TRAVEL DETAILS: A number of tour operators arrange packages to the Azores, including Caravella, with prices from £398 for eight nights (telephone 01-630 9223); Suntours, from £538 for seven nights (0993 76969); Sovereign *Holidays, from £536 for seven nights* (01-897 4545), and Abreu Travel, from £486 for seven nights (01-229 9905).

There are daily flights from the UK via Lisbon, and two flights per week from Funchal in Madeira, to Ponta Delgada and Terceira. TAP Air Portugal (01-828 2092) runs all the international flights, with Sunsavers fares starting at £205 return.

For further information contact the Portuguese National Tourist Office, 1-5 New Bond Street, London W1Y ONP (01-493 3873).

A NISSAN Micra SGL automatic is the last car anyone would buy to impress the neighbours, sample the thrills *of high-speed motoring*, or tour the Continent crammed with children and camping gear.

However, if the need is for a compact, parkable and easy-to-drive runabout, it is difficult to improve upon. Anyone who thinks a car is a consumer durable—a mobile counterpart to domestic essentials like washing machines and tumble-driers—would find a Micra ideal.

Having used an SGL automatic on and off for a year, in which it has covered a little over 6,000 miles, I can accept the *Motoring Which?* view that it is the most reliable supermini on the market. Nothing at all has gone wrong.

It has been used quite hard, not for long motorway trips or dashing up and down mountains but on a daily slog of a mile here, a mile there, and back home again. That kind of work is harder on a car than steady running on main roads with the *engine nicely warmed up*.

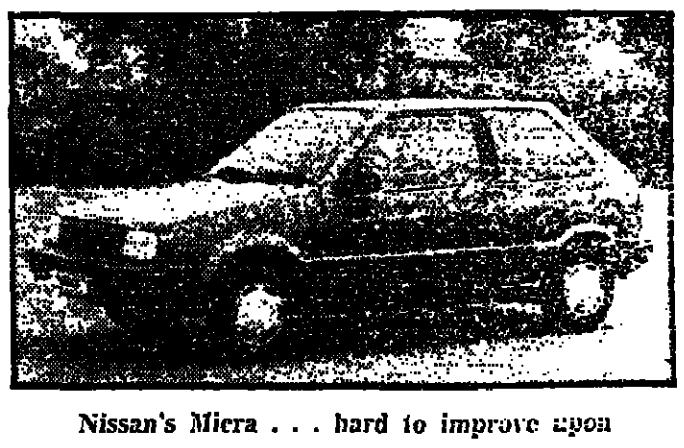
For the whole year, it has had no attention except for an oil change. It stood out all through last winter's bitter cold and never once failed to start first flick of the key. Within half a mile, the heater was blasting out warm air.

This summer, the powerful flow from the face-level vents has been appreciated. Why is it that the cheapest Japanese cars often have better heating/ventilation systems than European cars costing twice or even three times as much?

Fuel consumption — not, perhaps, a matter of critical importance when you drive only 500 miles a month—has been reasonable. At best, it achieved 42 mpg on a return journey to Torquay; at worst, 28 mpg in February when it rarely went more than 10 minutes' drive away from home and I doubt if the engine ever achieved working temperature. The whole-year average has been 36 mpg.

A manual transmission Micra does much better than this. A friend complained recently that his Micra, now two years old, needed tuning because it was doing only 48 mpg. The official figures infer a fuel consumption penalty of 12½ per cent for the automatic, which has a fairly old-fashioned three-speed transmission without a mechanical lock-up.

I think the economy loss is worth it, *although it depends* on how the car is to be used. My wife, like me, swears by the automatic for its ease of driving in crowded, hilly shopping streets. I always try to take the Micra in preference to a larger, manual gearbox car if I know parking could be a problem or if I expect to be caught up in a stop-start rush-hour crawl.



Nissan's Micra . . . hard to improve upon

Micra: small but perfectly formed

It is a small car, less than 12ft 6ins long but wide enough at 5ft 1½ins not to make full-sized people feel cramped. So, it feels more like a medium-sized car to drive until you turn round and see the closeness of the tailgate window.

With a bit of give-and-take on the part of those up front, the rear seat (easy to reach because the single door is very wide and the near-side seat slides forward as it folds) is comfortable for two adults. Legroom is adequate; the up*holstery is quite plump and the* cloth trim pleasing.

Lowering the split backrests of the rear seat converts the Micra into a good load-carrier and big things are easily humped over the low sill. The tailgate with wash/wipe is opened by a finger lever by the driver's seat.

The SGL model, which is the best-equipped Micra, has a three-band stereo radio/tape player that performs well and can still be enjoyed at motorway cruising speeds. Everything on the car works as it should. The two-speed and intermittent screen-wipers have good screen-wash jets, the lights are powerful, the speedometer dead accurate, and the instruments well placed and well lit.

The aerial pushes down into the windscreen pillar to protect it from vandals and car wash brushes, the petrol filler cap behind a locking flap is easy *to take off and put on (not all* of them are), and both exterior mirrors are internally adjustable. The steering is quite light, with a good lock for parking.

On the debit side the Micra's ride can feel knobbly, especially in the back seats on poor roads, and the tyres rumble loudly on coarse surfaces. At cruising speed the engine is quiet, but you become aware of it when the transmission changes down into middle or low, especially if you are climbing a hill with foot hard down.

At a list price of £5,746, the Micra SGL automatic has few rivals. The veteran Mini Mayfair automatic (£4,984) canno[t] compete on space, comfort or carrying capacity. The three door, two-pedal Metro is £6,09[.] It has a bigger 1.3-litre engine and a four-speed transmission which can be rather jerky, but its reliability record is patchy.

All Nissan cars have a three year/100,000-mile warranty and need a full service at 18,000 mile intervals, with an oil and spark plug change in between. To people who buy consumer durable cars like the Micra nothing matters more than reliability. I am persuaded tha[t] my Micra's fault-free performance for a year is no fluke. A Nissan Cherry we had in th[e] family for three years require[d] no more than servicing and [a] small length of exhaust ta[il] pipe.

An interesting newcome[r] and a potential Micra alterna[tive], is the Peugeot 205 automatic. This five-door has [a] 1.6-litre engine, a ZF four-spee[d] transmission as used in th[e] Peugeot 305, and as good a rid[e] as any in the supermini clas[s]. However, at £6,945 it is almo[st] £1,200 dearer than the Micr[a] three-door.

I have a hunch, backed [by] *some evidence from corre*spondence with readers, that [a] small car with automatic tran[s]mission, power steering a[nd] even air-conditioning wou[ld] attract a lot of not very pric[e] sensitive buyers. Must Europ[ean] car-makers wait for the Japa[n]ese to do it first?

Stuart Marsha[ll]

• PROPERTY •

John Brennan looks at the surge in building retirement homes

Making life easier for the elderly

THE VAST majority of retired people think about a move but never quite get around to buying their bungalow by the sea or villa in the sun. According to Help the Aged: "Most older people simply want to stay in their own homes." The house may be too large once the family has grown and left, it may become increasingly unmanagable, too expensive to maintain, even positively dangerous as stairs and steps become more difficult to negotiate. But it is home, and, as the charity says, the reluctance to move is a strong argument for increased provision for domiciliary care.

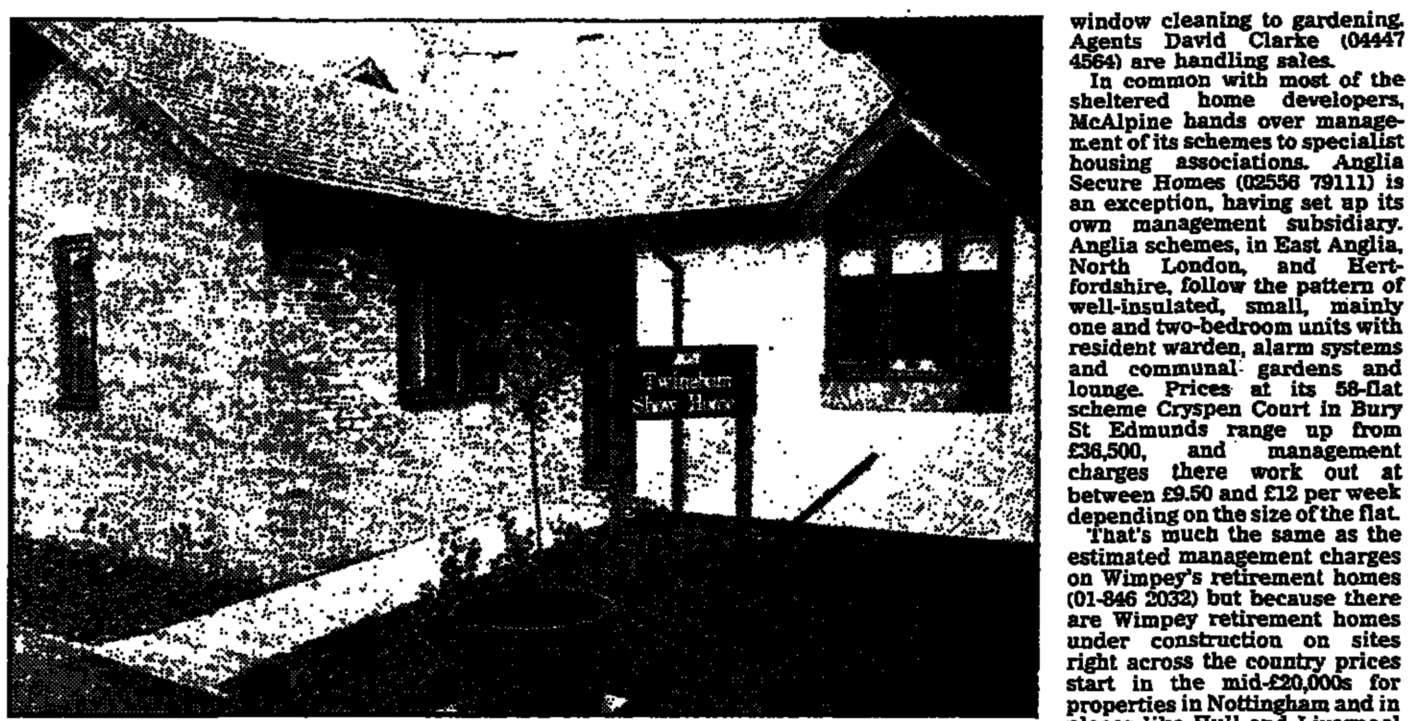
It is also a strong argument in favour of purpose built retirement homes. At the moment unwillingness to leave the familiar discomforts of an existing house is certainly compounded by the lack of realistic alternatives.

A bungalow resolves the problem of stairs, a smaller house cuts running costs and maintenance work, but that's about all. Few elderly buyers are likely to want to undertake—even if they could afford to—the conversion work necessary to turn a standard bungalow or small house into a property that will serve as well if they become less agile.

Extra wide doors for wheelchairs and walking frames; ramps; non-slip baths and bathrooms with adequate hand grips; electricity sockets at waist height to save bending; extra insulation to contain the costs of extra heating; security answer phones to let in welcome callers from a distance and to keep unwelcome ones at bay... the list of retirement home features could be extended. But it is only since the housebuilding industry and housing finance groups started to recognise the potential of the market for older buyers that the practical aids seen at design exhibitions can be found in homes you can buy.

McCarthy and Stone can claim credit for helping to lead fellow housebuilders in the development of purpose built retirement homes. Their mini-estates and flat block schemes with resident management and 24-hour alarm systems started a surge in building sheltered housing for sale.

The National Housebuilders Federation reports that there are now more than 100 companies developing sheltered homes—including most of the industry majors—and the best estimates suggest that they are on target to produce as many as 8,500 of these homes in 1986.



A two-bedroom bungalow built by Alfred McAlpine Retirement Homes at Harvest Close, Lindfield, West Sussex.

This is an impressive start for a section of the housebuilding industry that barely existed a couple of years ago. But then this is an impressive potential market.

One of the most striking features of British demography is the ageing of the population, thanks to a long-term decline in both birth and death rates. Total population is not expected to change much over the next 20 years. Current forecasts suggest a population of 56.9m by 1991 rising to 58m by 2001. It will, however, be a significantly older 58m.

At the beginning of this century retired people accounted for just 6 per cent of the population. That figure is now fast approaching 20 per cent, which adds up to nearly 10m women over 60 and men aged 65 or more.

The overall number of retired people won't increase a great deal until the first two decades of the next century, which is when the post-war baby boom reaches retirement age. What we will see between now and the year 2000 is a sharp rise in the number of people aged 80 and over, maybe twice as many British octogenarians in 1990 as there are today, and reaching 1.25m by 2001. For them, easily managed accommodation will become more of a necessity than an option.

Most of the retirement homes on the market today are aimed at buyers who are trading-in an existing family home, and who can afford a touch of luxury. On a price per square foot comparison the compact flats and small houses in purpose-built retirement developments would look distinctly expensive alongside an average newly-built small house. But that says more about the cost cutting on average newly-built houses to keep them competitive with resale houses than it does about the value for money of a well finished retirement home.

Alfred McAlpine Retirement Homes, for instance, is charging from £74,500 to £81,500 for the two and three-bedroom cottages and bungalows in its Harvest Close scheme close to the centre of Lindfield village, Sussex, at the top end of the price range of half a dozen developments on McAlpine's books at the moment. That is hardly cheap for a small estate home, yet it offers buyers all the design features of an easy to manage and cheap to run property plus a resident caretaker and, for an estimated £50 a month, effective management of the estate, from window cleaning to gardening. Agents David Clarke (04447 4564) are handling sales.

In common with most of the sheltered home developers, McAlpine hands over management of its schemes to specialist housing associations. Anglia Secure Homes (02556 79111) is an exception, having set up its own management subsidiary. Anglia schemes, in East Anglia, North London, and Hertfordshire, follow the pattern of well-insulated, small, mainly one and two-bedroom units with resident warden, alarm systems and communal gardens and lounge. Prices at its 58-flat scheme Cryspen Court in Bury St Edmunds range up from £36,500, and management charges there work out at between £9.50 and £12 per week depending on the size of the flat.

That's much the same as the estimated management charges on Wimpey's retirement homes (01-846 2032) but because there are Wimpey retirement homes under construction on sites right across the country prices start in the mid-£20,000s for properties in Nottingham and in places like Hull and Liverpool where site costs are low.

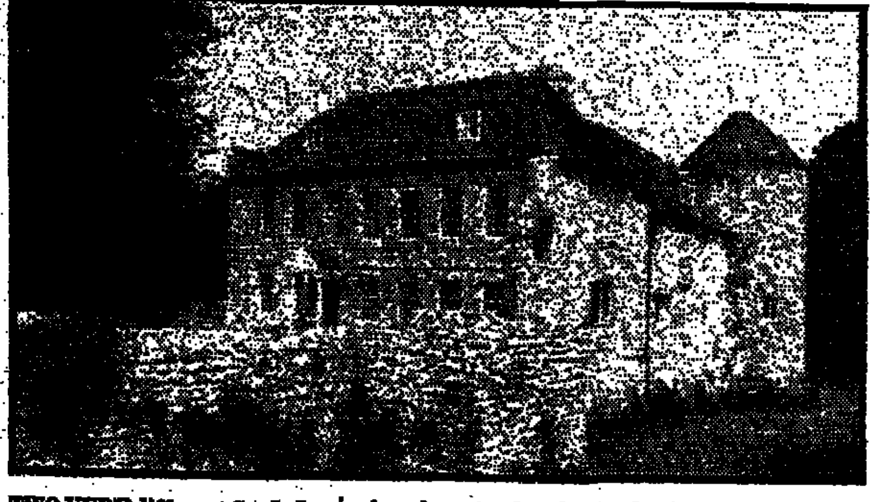
Pick any village, especially in the South-East, and it seems that a retirement housing project is under way or planned. At Great Bedwyn six miles from Marlborough, Carter Jonas (0993 76367) is handling the sale of Village Green's development of 16 bungalows and cottages. This is an example of a smaller scheme without a resident warden, but with management and local supervision of the estate by a housing association. Prices there range from £54,000 to £75,000 for 999-year leases, and management charges are in the £10 to £13 a week range.

Mr Bill Chase, managing director of Village Green, was the co-author of Age Concern's "Buyer's Guide to Sheltered Housing" and for £1 (including postage) from Age Concern, 60 Pitcairn Road, Mitcham, Surrey CR4 3LL), it is a useful basic guide for anyone thinking of taking a closer look at purpose-built homes for retirement.

One pre-condition for most schemes is that prospective owners are already over retirement age. That does cut out the opportunity of making a move a few years before ending full-time work and settling into a new area. It could also put off people who dislike the idea of becoming isolated in an ageing community. They might take comfort from the fact that, when you consider those population profiles, we're all isolated in an ageing community.

Older people living away from any organised care schemes can buy their own very effective 24-hour emergency alarm system complete with "panic" button and remote telephone speaker systems making it possible to get help even if they cannot physically get to a telephone handset. Help the Aged tested 40 different systems before choosing the Tunstall Telecom's Piper Lifeline and making it the basic of its Lifeline Appeal, which aims to install 50,000 of these units for older people who cannot afford the £290 plus VAT price tag, plus £25 installation charge and £50-a-year monitoring costs. The charity's Lifeline office (01-253 0253) will happily give information on the system.

GREAT OAKFIELDS, a five-bedroom Cotswold stone-clad Victorian house two miles from the centre of Cheltenham standing in a three-quarter-acre garden, hardly looks like a "semi." But since one part of the original house is now the separately-owned Oakfield Warren, it is at least an honorary semi-detached. However, it seems unlikely that Humberts and Chamberlaine-Brothers (0242-513439), who are inviting offers around £150,000 for the freehold, would warm to the description. And although the entrance drive is shared with the other owners, they do have their own separate entrance as well.



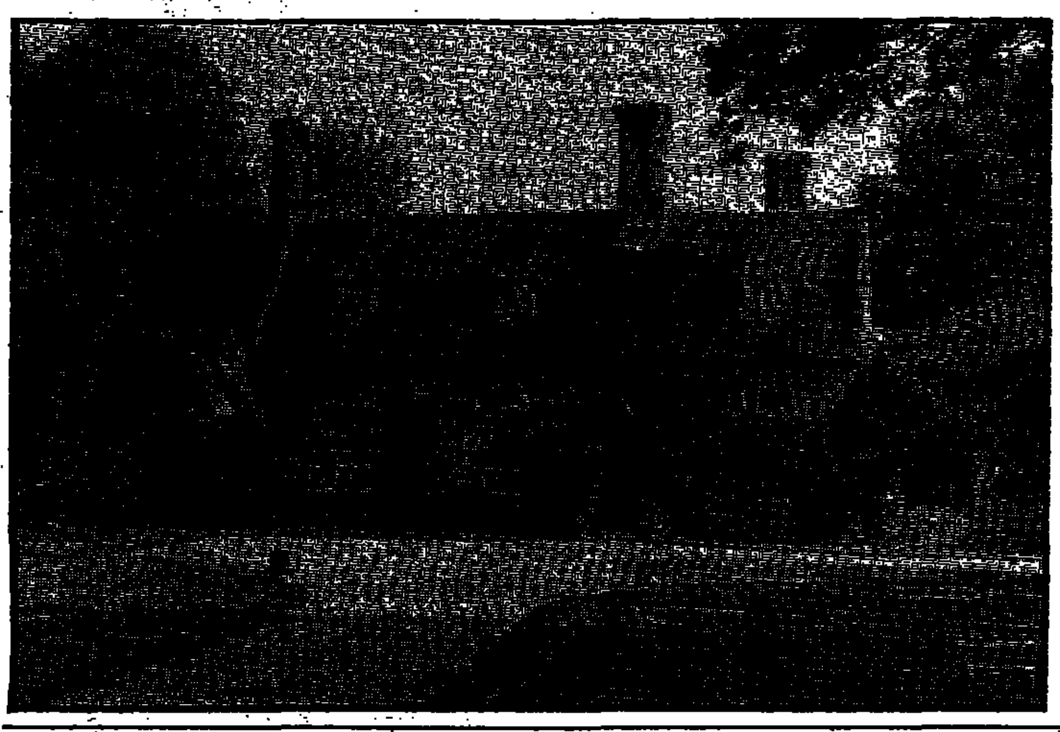
TWO VERY different Grade I listed moated houses have come on to the market in recent weeks. Down at Hellingley, East Sussex, the area's one outstanding private house, Horselunges Manor, is being sold by the Led Zepplin manager, Mr Peter Grant. Built in 1475, the 20-plus-room timbered manor still has its broad moat, a drawbridge for the drive and high-walled gardens. A good 15-minute drive from Lewes station, and a further hour and five minutes from there into London, it is a little remote for a regular commuter, but there is plenty of room for a helicopter pad on the 38 acres of gardens and nearby pasture land, or on the rest of th 86-acre mini-estate. St John Vaughan at Hayward's Heath (0825 4111) is looking for a pretty demanding £800,000 for the whole estate, although some 48 acres of the farmland could be sold separately.

Savills (499 8644) has no water in the moat it has on offer at Hythe, Kent. And the six-bedroom house there dates only from the days of Queen Anne. But it is built on to the fairly substantial remains of the 14th century Westenhanger Castle, and the house retains the name of the home of Henry II's "Fair Rosamund."

Henry II visited Rosamund de Clifford in Westenhanger's tower by slipping in through a brick lined tunnel that was rediscovered when nearby Folkestone racecourse was built. In the 16th century Henry VIII converted the castle into a Royal residence with 126 doors and 365 windows. The current Queen Anne house stands in 6½ acres. Offers around £280,000.

WENTWORTH Woodhouse near Rotherham, South Yorkshire, would make an impressive corporate training centre. It has a 600ft frontage (the widest facade of any English house), includes 215,000 sq ft of accommodation, and stands in its own 90-acre park. Humberts (01-629 6700), gives one of the broadest guide price spreads on record as it struggles to think of who might want this giant Palladian mansion. It is waiting for bids of between £500,000 and £1m.

The property was turned over to the Rotherham Borough Council 14 years ago for use by the Lady Mabel College of Education and Sheffield Polytechnic. The colleges use the mansion block for conference and catering facilities, and an adjoining stable block—added to the 1760s house a few years after its completion—acts as gymnasium, classrooms, living accommodation and houses a swimming pool. Although the lease specifies "educational use," the agents believe the property could be adapted to become an hotel, conference centre, company headquarters, or museum.



EIGHT YEARS AGO, when Mr Bowman-Vaughan bought Barham Manor, the property had been on the market for some months. There was little competition for the house, despite the undeniable appeal of a genuine Grade II listed Tudor Manor, complete with picture-book octagonal chimneys and mullioned and transomed windows. Its six bedrooms and three bathrooms, 2.6 acres of garden, outbuildings, garages and so forth put it beyond the price range of those local buyers who didn't already have substantial houses in Suffolk. Now, with the electrification of the rail link, improvements to the A45 and the prospect of completion of the Chelmsford bypass, Barham Manor has moved within the City commuting belt, and its price reflects it.

Barham is a ten-minute drive from Ipswich Station, which is a 60-minute run to Liverpool Street.

"We have already had offers in, and I'd be surprised if we didn't sell it for £220,000-£225,000 at least," says Mr Jock Lloyd-Jones of Strutt & Parker's Ipswich office (0473-214841). As Mr Lloyd-Jones says, demand for country houses in Suffolk has increased enormously in the past couple of years. "Young people working in the City on high salaries and with golden 'halloes' to spend, make the running, and they have been forming a queue for Barham Manor.

It is a remarkably beautiful house. There has been a house on the site since Edward the Confessor's time, but the present manor dates from 1545 when it was built on land held by the Abbot of Ely until the dissolution of the monasteries. At the end of the last century the house was separated from its farmland, and in 1925 it was sold to a London solicitor for £1,250. It had an exceptional war, housing, among others, David Niven and the "phantom army" team whose job it was to make the Germans believe that the D-Day landings would be in Holland.

Feed those plants!

WHEN MY apple trees were flowering gloriously in May, many discouraging friends assured me that I would not get any crop since all the bees had been killed during the winter and early spring. In the event, nearly all the trees are cropping splendidly, as they are in many other orchards, so either the wise-acres were misinformed about the bees or those that survived did an uncommonly good job of pollination.

So now, for the third year running, I have the prospect of a reasonable crop but it all depends on what happens during the next few weeks. This is a time of year when plants of all kinds are liable to starve suddenly and unexpectedly, especially when they have been growing so fast and well as most have these past three months. All the readily available food can be used up and unless some more is added, growth can cease, leaves lose their colour and fruits fail to swell properly.

What are required at the moment are fertilisers that will act quickly. It is the time when sulphate of ammonia, nitrate of soda, urea, superphosphate of lime, sulphate of potash, muriate of potash and similar chemicals can produce spectacular results. Not that I would advise anyone without some experience of this kind of rapid feeding to use single chemicals which can do severe damage if applied in excess or spread unevenly. Far better make use of well balanced mixtures, such as the time honoured Growmore, to which non-active bulking material has been added to make them easier to spread and for which proper instructions for use are on the bag.

Owners of large gardens may prefer to buy an agricultural mixture, as the price is considerably cheaper, but then there will be no instruction, since farmers are expected to know what they are doing. What will be displayed are three figures indicating the percentage of nitrogen, phosphoric acid and potash in the fertiliser in that order. I use a 20.10.10 fertiliser which means that it contains 20 per cent nitrogen, 10 per cent phosphoric acid and 10 per cent potash. The comparable formula for Growmore is 7.7.7 so it is obvious that this agricultural fertiliser is considerably more concentrated and so needs to be used at a correspondingly lower rate, certainly no more than 2 oz per square yard against the average of 4 oz per square yard for Growmore.

When in doubt it is always wise to give too little rather than too much since the effect of the fertiliser will be quite obvious in a few days in a deepening of leaf colour and a quickening of growth. If enough has been given, this effect should continue for a month or more provided there is sufficient moisture, either natural from rain or artificial from irrigation, to dissolve the chemicals and make them available to the roots. If the effect disappears much more rapidly a second small dose can be given. But all this I consider advice for gardeners with a fair amount of experience. To beginners, or those unsure of themselves, I would say buy proprietary fertilisers and follow label instructions.

Most general garden fertilisers contain only the three plant foods I have named because these are the ones most likely to be in short supply in the soil but they are not the only ones that are essential for healthy plant growth. Deficiency of some of the others, when it does occur, can produce spectacular results which are often mistaken for disease. Shortage of iron or manganese can cause excessive yellowing of the leaves, something far more dramatic than the greenish-yellow caused by lack of nitrogen. In the absence of either of these chemicals the green colouring of the leaf, which enables it to turn simple chemicals into complex organic compounds, such as proteins, sugars and starches, is simply not maintained. Iron and manganese deficiencies are most likely to occur in soils containing a lot of lime and are then not quite so simple to rectify as those for which general purpose fertilisers are prepared.

The chemicals must be prepared in special forms known as chelated or sequestrated to prevent rapid locking up in the soil in unsoluble forms which are useless to plants. Such preparations are readily available in garden shops and some manufacturers also prepare general fertilisers containing these and other extra chemicals such as copper, magnesium and boron. Inevitably they cost a good deal more than simple mixtures of nitrogen, phosphorus and potash and for most outdoor purposes it is not necessary to use them, but they can be very useful for container grown plants, particularly when using peat based composts which contain no soil to provide a reserve of these elements. Plants in containers also tend to receive a good deal more water than those growing outdoors and this can wash a lot of soluble chemical out of the compost, so leaving plants starved even though they seem to be receiving every possible attention. I was interested to be told recently by one big commercial producer of container grown plants that he now adds about 25 per cent soil to all his peat composts to act as a buffer against chemical deficiencies caused by excessive watering of the plants in the standing grounds of garden centres.

Out of doors it is not, as a rule, wise to apply readily soluble fertilisers, particularly those containing nitrogen, after the end of August since they may cause growth to continue so late that it remains soft instead of becoming tough in preparation for the winter. It is also wasteful since plants do not use much food while dormant and much of the soluble chemical will be washed out of the soil, by winter rain.

Autumn is a good time to dig in bulky organic feeds such as animal manures and decayed garden refuse in which the chemicals required by plants are not immediately available but will be made so slowly and progressively as they decay in the soil. It is these bulky materials, and also peat which contains little plant food, that maintain the texture of the soil, so enabling it to hold ample water and air at the same time, and to maintain a healthy bacterial and fungal life in the soil.

Arthur Hellyer

Around the horn under full scale

David Lascelles takes up with a brassy French femme fatale and discovers that his conquest is a devil in disguise

THE FRENCH horn, I suspect, occupies a special place in most people's affections: that rich muffled sound, those glorious twirls of brass, that proneness to parody exploited by Flanders and Swann.

But I must assure anyone who holds to this loveable image that it could not be further from the truth. One year after taking it up, I can state with some authority that the French horn is the most devilish instrument ever devised by man: it is a femme fatale, a siren whose call should never be answered.

Not that I regret that fateful spring day when I walked into Paxman's in Covent Garden, the Foyle's of the French horn world. It is far too late for that. The deed is done, and I am now in its thrall; I labour daily to win its favour. I torture my lips to make it sound, I anoint its intricate moving parts with no fewer than three varieties of oil. I have even bought the score of Mozart's fourth horn concerto, and have made mastery of that famous Rondo my life's work.

Had I known what I know now, I might have stayed my hand as I pushed open Paxman's door (whose handle is even in the shape of a French horn). But it seemed such a good idea. I had been a mediocre piano player for 20 years and needed a change. My children were both learning new instruments and deserved a good parental example. My doctor even told me it would be good for my health—a slight asthma problem. When my neighbour's horn-playing daughter offered to give me lessons, I needed no further urging.

The horn itself cost some £400, which is not cheap. But I quickly found that horn players, endearingly stricken as they are with their own instruments, are incapable of agreeing on what "a good horn" is, or of offering useful advice. So I was left to the mercy of the man in the shop who was under the impression for a few minutes that I wanted to borrow the horn to use it as a prop in a TV commercial. "That's what most people want them for," he said.

For the first month I managed only to produce sounds that might have summoned a cow seeking her distressed calf. The trick is to blow a raspberry into the horn's finely honed mouthpiece (the most delicate of the brass family) with air summoned from deep in the belly. (Try coughing and feel your diaphragm move—that's what it's all about. Most people just blow from their throats.)

The horn only respects air that has risen from your deepest innards. Offer it anything less, and it will mock you by making a hideous sound, or by blaring out a note quite different to the one you intended. There is also the constant embarrassment of having to dispose of large quantities of—well—spit that collects in the tubes. The advice from my teacher was just to tip it out on to the carpet. "It's only water," she said. But that was hard to get used to.

After three months in which I spent as much time exercising my diaphragm in front of a mirror as I did with my lips to the mouthpiece, I could play a simple tune, Haydn's St Anthony Chorale, with each note requiring an enormous effort of concentration. But I was making good progress, and I got the rash idea that I should go for a musical grade.

The syllabus for Grade Three (the lowest for the horn) consisted of two set pieces, one classical and one modern, a study, three scales and musical theory. I toiled at them all through the winter, half an hour in the morning and half an hour in the evening too if I had the strength. If you leave off the horn for a few days, your lips quickly go flabby, so I got into the habit of taking the mouthpiece with me on business trips, and tootled away quietly in hotel rooms.

Finally, on a bright, chilly afternoon in March I drove out to a house in Finchley for my exam, where I was due to perform after a violinist aged seven. It was, I realised, the first time I had submitted myself to a test of any kind for nearly two decades. Although my examiner—a nice chatty man with glasses—went out of his way to put me at my ease, I was stricken by a dreadful fit of nervousness and my lips went dry—fatal. The room also echoed strangely, and I found all my sounds coming straight back at me. I performed poorly, and reckoned I had at best just scraped through (I was hoping that the examiner would pity a struggling adult).

I was right, as it turned out. Three weeks later a certificate arrived in the post informing me that I had scored 110 out of a possible 150, with a 100 passmark. The comment said that my playing had weaknesses, (true, I admit) but that I had obviously worked hard on my pieces (oh so true). It filled me with an unexpected sense of pride. It also left me little choice but to go on and scale the towering peak of Grade Four.

Supercilious string players may say that the horn always sounds the same, that its repertoire is limited and there are really only three major composers for the solo instrument, Telemann, Mozart and Richard Strauss. It may also be true that most horn players end up playing rather dull background parts in orchestral pieces (though horn players in opera orchestras have more fun, especially with Wagner). But violinists, let's face it, are three a penny, and anyone can scrape horsehair on gut. To make music from eight intractable feet of brass piping—that takes something special.

As I drove out one summer day

Robin Lane Fox looks over the wall of an Elysian-like garden . . . and reveals some of its secrets.

SOMETIMES, even in England, you find yourself on a road which surprises you: a sudden turn at right angles, an unexpected bridge, a choice of two lanes, each without signposts, or an apparent entry into a farmyard.

It happened to me this week, travelling west towards Herefordshire. I had been admiring the wild flowers in the hedgerows, the Rose Bay willowherb, and the pale blue meadow geranium which would dignify any garden. Then, the road became a track and I seemed to be in the courtyard of a reddish-grey stone farmhouse with the wall of a barn across my path.

The wall was a surprise, but so were the gardens stretching beyond it. It has not been an easy year for bedding plants, because late June was so hot and July has been so dry. Yet here were annuals by the hundred, deep blues and pinks, strong yellows, scarlets and yards of trailing lobelia. The secret was soon evident: in the background, a figure was bending under a back-pack and waving a spray like a master-conductor among his orchestra of bright colours. He was feeding the plants, I imagine, while refreshing them with a light watering.

Bedding plants divide roughly into those which like hot weather and dry conditions and those which thrive in cloudy summers and on careful feeding. His plants were the latter, and my first impression was the richness of his Sweet Williams. He had isolated the deep crimson form which I prefer, and put it in the foreground: under the house, he grew others with white eyes and red and pink colouring.

In this area, the flowers are slightly later than in the Home Counties: they remind me that this week is our last chance to sow Sweet Williams for next year. Of all jobs, this sowing is most forgettable, but you can raise the best single colours from seed, whereas nurserymen tend to sell only mixtures. If sown now, the plants will flower next June.

My next impression was one of height. Sweet peas were the key to it, grown up tripods of canes so that they made wigwams of growth. If you wrap chicken-wire round the supporting canes, sweet peas will tend to cling to it and save you the bother of tying them up so frequently. These tripods can be fitted into any long border. Here, they kept company with the white cosmos daisy, a plant which polite gardeners ignore because of its rather ghastly orange relatives.

In fact, it grows so easily and looks so elegant that it can be used anywhere. It was mixed with one of my particular favourites, a deep ruby-red mallow called Malope Crimson King. This easy, leafy plant develops bulk very quickly and grows without any trouble from seed.

By now, you can imagine, I had stopped for closer inspection before swinging right past the barn. Gardens of annuals tend to be flat gardens, but these plants were giving some welcome height. They were assisted by a charming class of companion, fuchsias grown as tall standards. Fuchsias with long tubular scarlet flowers had been mixed with a paler flesh-white, which I think was probably Checkerboard.

Among them, there were drifts, not blocks, of single colours, sky blue Love in a Mist, pink Clarkia which refuses to flourish with me, white tobacco plants and some enviable Larkspur. Perhaps I should buy a proper back-pack. I think I saw the brilliant white mallow Lavapera Mont Blanc which makes such an impact whatever the weather. Certainly there were yellow snapdragons, mignonette, rose-red stocks and even some bearable begonias. The front row dripped with dark blue lobelia, luxuriating between some huge white petunias and the rounded heads of annual phlox. Lobelia is a good plant in a wet summer, and it clearly responds to spraying.

Assuming that the fuchsias had been growing from cuttings, I doubt if all four borders had cost more than £5 from seed. They will be flowering long after my expensive day lilies have gone over and the flowers have fallen from three agapanthus which cost as much. If you cut off the faded flowers or trim the entire plant with shears, most of these annuals will make more growth and flower repeatedly in order to set seed.

It was their colour, finally, which made the most lasting impression. Nowadays, we all tend to write as if certain colours are more suited to gardens than others: there are even books with charts, telling you which will mix well together. Fashionable borders are on the guard against too much yellow; orange is unimaginable and nobody with an artistic eye is supposed to make free with vivid scarlet.

This garden reminds me of how these principles are better suited to some lights than others: they also depend on the local colours of surrounding buildings. In a dry, south-eastern landscape, the effect would have been too much, but it glowed against a dark reddish-grey stone in the softer light of the Welsh borders. I like to think what I myself would have tried to grow in places where somebody else has conspicuously succeeded. I would have begun with pinks and whites, I dare say, with some sky-blue, lemon, yellow and plenty of Rose New Dawn. It might have looked good on one of the few warm evenings in summer. I doubt if it would have made passing drivers nearly ram the wall of my farmyard barn.

● Arthur Hellyer on gardening—Page IX

The world's best luncheon club

FOOD FOR THOUGHT

A COUPLE of years ago I spent 10 days in the kitchen of a two-star French restaurant on the Cote d'Azur. For a middle-aged amateur cook, self-taught, it was the chance of a lifetime to see top professionals at work (only professionals sprinkle salt from a great height—it just looks affected and silly when I do it). The kitchen was in the operating-theatre style as prevalent nowadays: no cavenous smokey hole hung with copper pans, but glittering white tiles, stainless steel everything, a great deal of light and quite a lot of room. And for those who suppose that behind Michelin stars there lurk cockroaches and floors ankle deep in refuse, may I say the tiled floor was hosed and scrubbed down and all cooking tops sprayed with oven cleaner twice a day. The only living creatures I saw were ecrevisses and lobsters.

I most vividly remember the staff mealtimes. If you are an amateur, you cook because you enjoy it and if you are me you only enjoy it when you are a bit hungry. For professionals it is a job you do better when you have been fed, so we had lunch at about 11.30, dinner at 6. All the cooks—larder and patisserie as well as kitchen proper—stumped upstairs to a smallish room which apparently had no other function. There was a plastic-topped table, folding chairs stacked around the walls and a wide view of mountains from the window. Most days someone had cooked something on a Buggins-turn basis. A ragout of leftovers, a gratin of pasta, a roast of veal on Sunday.

If there was nothing much left over or everyone was too busy, there would be eggs and mayonnaise, huge catering tins of sardines, some saucisson or a dish of tinned petits pois. There was limitless bread; cases of vin rosé and beer stood in a corner. These were opened and passed around without ceremony. In fact the occasion was without formalities of any kind except the natural gravitas that always descends on the French at table. Drinking was restrained but celebratory, with little nods and toasts. Talk was of football and money and gossip about other cooks, their jobs and ambitions.

We all finished with cheese — all the bits which were too small or too ragged to take their place on the wickerwork plateau of the restaurant. These bits were passed around on a dish, picked up, sniffed, prodded and talked about at some length. Then each man — it was an all male gathering — would carefully wipe his plate clean with a bit of bread and turn it upside down before eating his cheese off the bottom.

There was no hurry and, although most of the cooks were very young, no horseplay. The food would certainly have led to complaints if served at Wormwood Scrubs, but these were men dedicated to the highest possible standards and nothing was served that was not first class of its kind. We ate better at lunchtime than in the evening, but the French always do.

There we sat until the cars of the first arrivals scrunched into the drive, when everyone went back to his post to face the controlled three-hour hysteria of a "relais gastronomique" firing on all cylinders.

We closed on Mondays. But the other six days we were there from 10 in the morning to 11 pm with a couple of hours off in the afternoon. The customers stayed later of course and the waiters with them, but we were all washed down, put away, ovens off and gone by then.

I came home to London with a kilo of black truffles in a wicker basket in my luggage. Everyone gave me a wide berth not only on the tube from Heathrow but even on the escalator at Green Park. But my more enduring memory is of those relaxed and civilised lunchtimes. If I could belong to only one luncheon club in the world, it would have to be that one.

Peter Fort

Collecting

Just like granny made it

Beeton, Acton and Harben . . . the delights of acquiring a century of cook books.

AS AN inexpensive hobby, collecting cookery books published over the last 100 years has a lot to recommend it, especially if recipes for brawn, hashed mutton and potato pie, as well as more sophisticatel dishes like salmi of duck or chicken spatchcock have an appeal. But, be warned, an allergy to dust is a deterrent.

The price of less-expensive second-hand recipe books has barely budged since I commenced my collection 10 years ago so the time is ripe for building up a fascinating library containing a wealth of knowledge and social history.

Delve into old cook books and you will discover the sort of meals grandmother cooked for her huge brood (my own grandfather was one of 17 children), dainties that the sylph-like ladies of the 1930s preferred, or dry, crumbly eggless cakes featured in wartime publications. A refreshing change from today's attitude that oxtail soup comes out of a can and steamed suet puddings are forbidden fare for calorie-counters and cholesterol watchers alike.

The modern fully equipped electrically controlled kitchen bears no resemblance to the huge basement kitchen of 10 decades ago and, of course, cookery books reflect these changes.

And the nation's diet has altered dramatically. Are you eating muesli, yoghurt and fruit juice for breakfast these mornings? Before the last war, a cooked breakfast was deemed essential for the man of the house and *Good Housekeeping's* 100 Ideas for Breakfast and High Tea, published soon after the last war, and Major L . . . in *Breakfasts, Luncheons and Ball Suppers*, a scarce publication of 1887 (£15), made suggestions for more substantial dishes.

As thousands of recipe books were published during the last century most collectors decide, on grounds of economy and shelf space, to specialise—either acquiring books by a particular author, following a theme or limiting their energies to one particular decade or period.

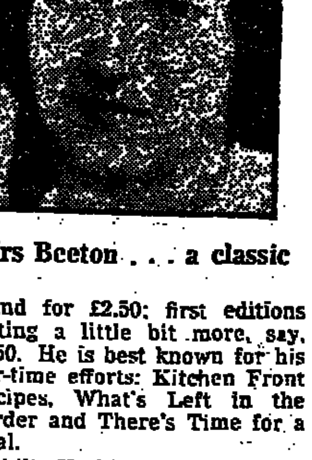
There have been several notable cooks who have put down their thoughts and ideas on paper, the most famous being three women—Mrs Acton, Mrs Beeton and Mrs Marshall. Published around 1880, Eliza Acton's new edition of *Modern Cookery for Private Families* (£20) is a classic as is Mrs Isabella Beeton's *The Book of Household Management* (costing £45 for an early edition).

Smaller manuals of a later date, the 1920s, with titles such as "Hors d'Oeuvres and Savouries," "Poultry and Game," "Sauces and Soups" carrying Mrs Beeton's name—she died when she was 29—can be had for £3.

The complete antithesis to the redoubtable Mrs B is Mr P Pirbright's wittily illustrated cook book "Off the Beeton Track," published 1950 or thereabouts). The eminent cookery teacher, Mrs A. B. Marshall, also set about writing a massive work on *The Larger Book of Extra Recipes* c. 1895 (£30), as well as The Book of Ices c. 1900 (£8), which included cream and water ices, sorbets, mousses, iced souffles, etc. Fancy Ices (£15) of the same date, contained a more elaborate style of ices.

Then there are the great male cooks. Although Andre L. Simon, founder of the Wine and Food Society, is remembered mostly for his books on wine, A Concise Encyclopaedia of Gastronomy (£12.50), 1952, is a handsome volume of timeless interest. He also wrote a small volume, Basic English Fare, 1949, which cost me the pricely sum of 10d and is certainly worth every penny. Less well known, but becoming collectable for those on a limited budget, are Ambrose Heath's and Philip Harben's contributions.

Heath's output was most prolific between 1930 and 1950. Clean copies of this self-confessed gourmet's work can be found for £2.50; first editions costing a little bit more, say, £3.50. He is best known for his war-time efforts: Kitchen Front Recipes, What's Left in the Larder and There's Time for a Meal.



Mrs Beeton . . . a classic

Philip Harben became the first British TV chef and to prove that culinary skills in the kitchen were speeding up, Best Quick Supper Dishes and Cooking Quickly, were published after the last war (£1.30 each). Also, first editions of three living writers, Elizabeth David, Jane Grigson and Arabella Boxer must surely be collectors' items of the future.

A few worthwhile subjects to pursue are: advertising leaflets (Stork margarine McDougal's flour, etc) or regional receipts found in Women's Institute publications, not forgetting convalescent cookery and the various diets followed over the years (Hay System, Diet Reform, F-Plan to name a few.) The 1930s, wth its emphasis on entertaining (cocktail parties, bridge parties, tennis parties, etc) and the austere war years make two contrasting periods requiring completely different ingredients — bloaters and dried egg powder are not easy to come by these days!

Remember that the value of any book is enhanced if it is rare or scarce, in mint or good condition and has a dust wrapper intact. As most cookery books have been well used in the kitchen, covers are often torn and inside pages may be splattered with grease marks.

It is difficult to give firm guidelines on prices. They vary considerably from shop to shop. Prices quoted in specialists' catalogues are the highest one can expect to pay. Often similar books can be bought cheaper but that is not taking into account the cost of petrol consumed while driving to various outlets or the wear-and-tear on oneself when struggling at a jumble sale.

Mail order cookery book dealers: Janet Clarke, 3 Woodside Cottages, Freshford, Bath, BA3 6EJ; Cooks Books, 34 Marine Drive, Rottingdean, Sussex; Culmns Books, 28 St Leonards Road, Bournemouth; Tom Jackson, 22 Parish Ghyll Road, Ilkley, West Yorkshire.

R. A. Hill

Wine

English without fears

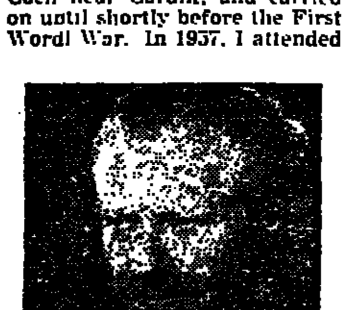
WINE-GROWING in England has always been hazardous. When Henry II was married to Eleanor of Aquitaine, English wines were largely displaced by French; and Henry VIII's action in dissolving the monasteries was another blow. Nevertheless growing continued marginally, if to little account.

In 1789, the Hon Charles Hamilton—whose estate at Painshill near Cobham, Surrey, is even now being restored—commented ruefully on other's reaction to his own vineyard wine in a manner that present-day English growers might well echo:

"It would be endless to mention how many good judges of wine were deceived by my wine and thought it superior to any Champagne they ever drank; but such is the prejudice of most people against anything of English growth, I generally found it most prudent not to declare where it grew till after they had passed their verdict on it."

The next vineyard of any size was planted in 1875 by the Marquess of Bute at Castle Coch near Cardiff, and carried on until shortly before the First Wordl War. In 1937, I attended a Gilbey centenary exhibition opened by Sir Mortimer Wheeler, during which he mentioned that when an undergraduate at Oxford he had drunk a Castle Coch.

I asked him later what the wine had been like; looking warily around, he replied: "Bloody awful!" In defence of this Welsh white wine, it probably was well beyond its best when the future distinguished archaeologist sampled it. For, in its time, it enjoyed some sale by reputable merchants.



Sir Mortimer Wheeler . . . deeply unimpressed

The modern revival began after the Second World War when Edward Hyams and Ray Barrington Brock wrote on the possibility of wine production in England. This inspired Sir Guy Salisbury-Jones, who died only last year, to plant in 1952 a vineyard at Hambledon in Hampshire. On French advice, he used a hybrid vine, Seyve-Veillard.

Others followed him and in 1967 the English Vineyards Association (EVA) was formed with 20 members, now grown to 550. The 323 vineyards cover 488 ha (1,100 acres) and produce an average of 650,000 litres a year.

Of these vineyards 134—with the greatest concentration in Kent and East Sussex—actually produce wine from their own grapes as well as making it for other growers. (A list of the 101 English vineyards open to the public this year can be obtained from the association at 38 West Park, London, SE9 4AR, for the price of a stamped addressed envelope.)

The viticultural problem in England is the lack of sun and warm temperatures, coupled with the general unreliability of the climate. So, the tendency has been to plant German grapes such as Müller-Thurgau (much the most common) and those varieties developed over the past 40 years in the northerly latitude of the Rhine and Moselle to ripen early, and be frost-resistant: Reichensteiner, Kerner, Huxelrebe, Bacchus, etc.

These help the English wine grower in his struggle to secure enough fruit, aided by legally allowed addition of sugar, and to achieve a good balance of acidity.

Over the years quality standards have risen greatly owing partly to improved knowledge and techniques, shared freely among the growers, and partly to older vines. Yet, English wines must to some extent be judged by somewhat different criteria from those applied to French or even German products. Some greenness, hardness and even austerity must be expected. Some may lack acidity and be flabby. On the other hand, the bouquet may be very agreeable and the flavour clean, crisp and fresh. All are for early drinking.

Every year, EVA organises an English Wine of the Year competition, judged by writers and members of the trade. The top award is the Gore-Browne trophy presented by a pioneer of the post-war revival, Mrs Margaret Gore-Browne of Beaulieu in Hampshire.

This year's contest took place recently in the Festival Hall, London, and no fewer than 130 wines were entered — no mean tasting task for a panel that first whittled them down to 30, and then awarded medals to 17. The wines were divided into seven classes, basically according to whether they were from 1985 or previous (in fact, 1984) years, and whether dry or not.

I cannot pretend that my preferences were always the same as the judges for, among the "not-dry" white '85s, I found the silver-medal winner Lamberhurst Reichensteiner, rather short in taste in spite of a full, attractive bouquet; while the bronze-winning Astley Blend (from Stourport-on-Severn) had (for me) more character, being crisp and slightly *petillant*.

Astley also scored among the 1984 "non-dry." Its bronze-medal Kerner had a fine aroma, a forthcoming nose and fair acidity but was harder than its Severn Vale, a blend of Kerner, Huxelrebe and Müller-Thurgau that was rounder and very well-balanced.

The Lymington Medium-Dry 1984, also a bronze winner, was fruity and easy to drink, and deserved its medal. There were 39 entries in this class, more than any other, which indicates the style of wine for which many English growers are aiming. A Liebfraumilch of the West?

When it came to the dry white 1985, the top gold prize and the Gore-Browne trophy were awarded to a hybrid grape wine, Wootton Seyval, from near Shepton Mallet in Somerset and produced by Major C. L. B. Gillespie, the retiring EVA chairman. This had a nice bouquet as well as fair balance and a long flavour, but to me it was still distinctly green.

The 1984 dry whites struck me as hard, acid and rather thin; but in a second class of 1985 dry whites Astley won again, with a gold medal and President's Cup for its hybrid Madeleine Angenvin (although I preferred the Kents Green from Gloucestershire, as it had more aroma, very good acidity for a Müller-Thurgau, and fair balance). In the rosé class, Lamberhurst 1983, apparently the only entrant, deserved its bronze for trying.

The aim of the EVA is to acquire from the EEC quality wine status for its members: perhaps the equivalent of *vins de pays*. As yet though, the total area planted is too small and the relevant production and quality statistics available for too short a time. Nor would the EEC look kindly on the use of hybrid grapes for quality wines.

The prices of English wines vary between £3 and £4, and most serious wine merchants list one or two. The prices would be at least £1 a bottle cheaper but for the unfair government regulations impose the same excise tax on home-grown wine as on those imported.

If such a ruling were imposed on French wines within France, the popular explosion would make the recurrent demonstrations in the Midi look like funfairs. When are the English (and Welsh) growers going to march on Westminster?

Edmund Penning-Rowsell

An emmett's guide to gigs

Row, boatman, row, row, boatman, row, across the waters blue.
The night is fair, the breeze is fresh, the stars are gleaming.
The music fills the air, with joy and laughter our hearts are teeming.

(Heard in marchtime any Friday night at the Fisherman's "Sing" in the Cadgwith Cove Inn, three miles from the Lizard, Cornwall).

ONCE UPON a time, the lead tenor at the Sings was a pacific, much-loved life boatman and fisherman called Richard Redvers Arthur of Cadgwith, a tiny cove nestling at the foot of a wooded valley.

For those with more than a smattering of imperial history, his second name will give the year of his birth, for it celebrated one of the few British officers to emerge as a hero from the Boer War: General Sir Redvers Buller. Inevitably, Richard Redvers became known as Buller. He died a few years ago and was the last Cadgwith man to "go the old way," his coffin being carried to the churchyard in slings by relays of lifeboatmen from all over West Cornwall, up Barn Hill, one of the steepest in the county.

Buller was a great aficionado of the old Cornish sport of six-oared Pilot Gig racing, although with him it took the form of reviving the sport in Cadgwith and supporting it, cheering, singing with a bit of boozing thrown in.

Gigs are slim, very fast, 32-foot seaboats, which in the chop of the Channel could make the best Oxbridge boatrace crews look like a bunch of tyros. Older Cadgwith men still relish the arrival of a former competitor in Henley's Diamond Sculls. They lent him a Cornish skiff, shook their heads as he caught seven crabs with his sculls and then helped him ashore. His performance was not surprising, the locals says, for an "emmett," the old Cornish word for an ant and now used to describe any holidaymaker from the mainland east of the Tamar.

This summer, Cadgwith launched its own £7,500 pilot gig, built to drawings of an 1838 gig, and paid for by Buller's friends, including Phyllis, a retired Yorkshire headmistress, and by local fund-raising events. Its name, of course, is the Buller.

Pilot gigs? Their speed over the ground, averaging out the effect of tide, current, wind, and swell, is claimed to be about 10 knots. They principally race at Newquay, in the Scillies, on the River Fal, and now off Cadgwith Cove.

● For the information of "emmetts," this summer's gig races include Newquay—August 3, 6, 7, 10, 13, 14, 20 and 27 (the Silver Gigs over a six mile course); September 3, 4, 13 (against the Scillies), 14, October 5. The Scillies—September 20-22 and 27-28. Cadgwith—August 22.

John Bourne

OUT and ABOUT

IT'S PRIME holiday time, with half of Britain seemingly on the move. For the intrepid, those who like to travel the hard way and who like a real brush with the great outdoors, there are more and better products every year to help them on their way. Here are just a few of this year's star buys. If, on the other hand you prefer the soft life and you're either staying at home or heading for sunnier climes, well here are a few suggestions for you, too.

Lucia van der Post

HOW TO SPEND IT

AN ESSENTIAL item for those addicted to the rugged life (not to mention those of us whose house tends to be invaded by more people than there are beds for) is the sleeping bag. Most sleeping-bags these days are compact, one thickness, one warmth affairs. Ha Ha Designs have come up with their own patented version which is based on the age-old concept of the layer—by adding or discarding layers the system can see its owner comfortably through from the tropics to the Arctic.

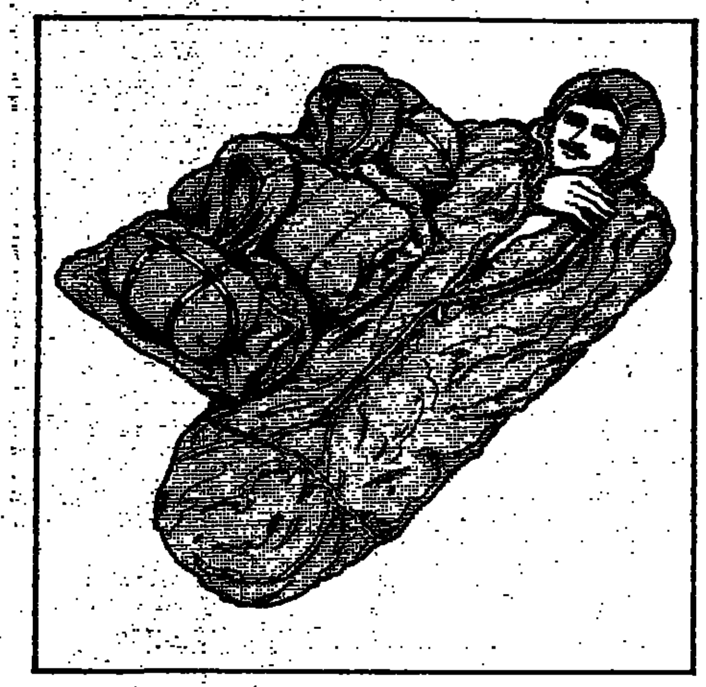
The essential part of the system is the outer bag—if all you want to do is bowl around Britain at any time between May and October then the outer bag is probably all you would need.

Come November and if you fancy a camping trip to the Lake District you should add a thermal liner, whilst from December to April you will need to add either a pile fabric inner or a down-filled inner.

Besides the advantages of the layer system, the outer bag also has a protective skin made of Pertex which helps remove moisture from the inside and makes the bag itself fairly weatherproof (however, Ha Ha Designs warn that if rainfall is at the rate of more than ¼ inch an hour it will start to leak). If you should get caught in a rainstorm and need to dry your clothes off you can either get into the sleeping bag and dry them off on you (this sounds terrible but apparently it works well and you are kept so warm you feel quite comfortable) or you can take your clothes off and put them between the layers of the bag and your body heat will dry them. Sounds exactly what the nautical set, as well as the camping and climbing crowd, could do with.

Each part comes in four sizes (though the extra large has to be made to order). The outer bag is £42.95, the hooded thermal liner is £15.95 (there's a cheaper, unhooded version), the hooded fabric liner is £25.95 and if you really want the most luxurious version you could buy a down-filled inner liner (instead of the fabric one) for £76.95 (it's not only lighter and warmer but more compact). All good camping and mountaineering shops sell them, including Blacks of Greenock and the YHA. See sketch below.

For further details or for ordering the extra large sizes write to: Ha Ha Designs, Unit 14, Meersbrook Works, Valley Road, Sheffield, S8 9FT.

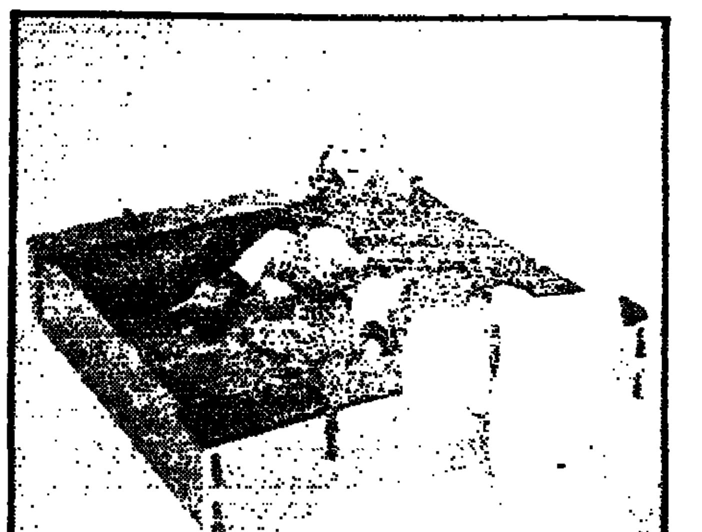


IF YOU FEEL the summer is slipping by and there isn't quite enough outdoor play equipment to keep your children happily involved, Montrose is a good name to look for. It offers a broad and excellent range of outdoor basics — everything from climbing frames to sandpits, from portable and inflatable swimming pools to slides and swings. They don't have any frills or fancy details but seem solid, inexpensive designs that should give many a child lots of happy hours.

Photographed right is an easily assembled sturdy portable (that is, portable without the sand in it) sandpit. Not a thing of great beauty, best kept hidden from the house, it could, however, provide that essential water-and-sand play that educationists say are so important to very young children. Made from birch plywood, it is robust (it sells to playgroups and nursery schools) and is admirably simple in construction. There are two seats and a strong cover which can be attached to keep the rain off and debris out. At £27.95 (plus £4 carriage) it could be a useful play prop for the summer months.

If you'd like to encourage more cerebral or creative pastimes like painting or mask making, reading or writing, Montrose also make this completely weatherproof table and bench seat. It can also, of course, double up for summer meals and tea-parties. £26 (£3.50 carriage).

For a complete catalogue listing all the play equipment or for the individual items write to Montrose Products, 28-34 Fortress Road, London, NW5.



MOST RUCKSACKS are . . . well, just rucksacks. And useful though they may be when a rucksack is what you want, they don't have much of an afterlife. The Mustang, however, illustrated below, doubles as a weekend or overnight bag. It is of the size and shape that airlines allow into the cabin, and it can be carried conventionally, by shoulder strap or handle, or hitched on to the back, hiking style. It is, as all good rucksacks ought to be, made from waterproof-coated sturdy fabric (in this case navy-blue Cordura) and it has two zipped compartments as well as an external zip pocket. Made by Berghaus, it is £32.99 and can be bought in most good camping and mountaineering shops.

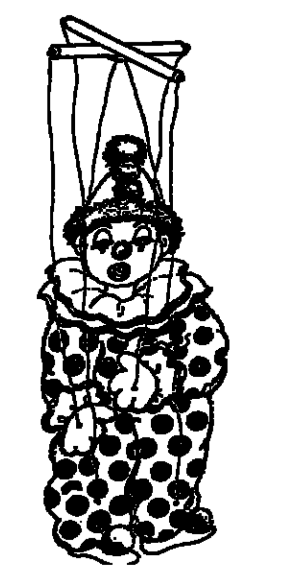
ALL YOU yacht-owners out there ought to know about the Redcrest — one of the many inflatable boats made by Avon Inflatables. And for those whose yacht has not yet come in, it's the perfect runaround to wander round harbours, dribble down rivers and just "mess about" in.

It isn't always easy to choose an inflatable dinghy because there are now many brands and at first sight they seem much of a muchness. Avon, however, were the first into the UK market and are happily still one of the best. They are often chosen by companies specialising in water holidays who have had a thorough look at all the competition and one water-rafting group in the States that chose Avon dinghies described them as "the Cadillacs of the breed."

The famous Black boats that they first launched some 20 years ago are still tumbling over rapids and cruising down rivers. They use one of the toughest of available materials and offer 5-year guarantees on all their models.

The Redcrest is exactly the sort of dinghy that would suit a family setting off for a camping holiday near a river, lake or sea. It rolls up into a small sausage shape 40in by 18 in diameter, when deflated and it takes under five minutes (say Avon) to inflate with the high-capacity foot-operated bellows that come with the boat. This means it can fit in almost any car-boot, could be taken on day trips or on long family holidays to the Mediterranean.

The Redcrest is only suitable for a 4 h.p. engine so it is not the dinghy for waterskiing enthusiasts (for them Avon offers the Sportsboat at £1,095). It would, though, I think, transform a family waterside holiday. It sells for £615 in its grey form (red ones, for some unaccountable reason are more expensive). For the complete list of Avon stockists (and a brochure listing all the models) write to Avon Inflatables, Dafen Llanelli, Dyfed, SA14 8NA.

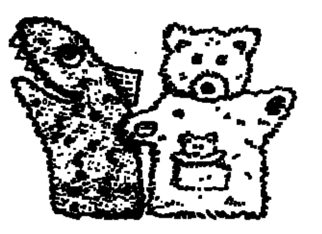


EVERY PARENT knows that sinking feeling when, on an interminable wet day, your offspring turn to you with the dreaded question: "What shall we do?" Jennifer Raison, instead of feebly turning on the television set, started them making papier mache glove puppets and from there, as the long wet summer went on and on, she helped them to devise and produce a play with the puppets as actors.

Flash on a few years and she went to India and then to Java and Bali where she saw puppets that bore little resemblance to Punch and Judy—religious and historical characters, part of the cultural fabric of the countries. So she began to collect and learn and become more and more interested in the subject.

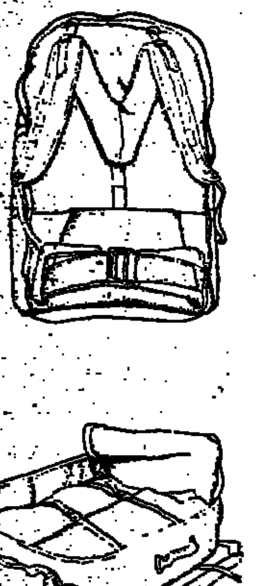
Today she has a shop at 3 Kensington Mall, London W8 where she sells—you've guessed it — mainly puppets but also some masks. There are the stock characters, so familiar from all our childhoods — the policeman, the clowns, the Punch and Judys, but there are also authentic puppet characters from Indonesia, India, Sri Lanka, Czechoslovakia and Dresden in East Germany.

There are also glove puppets —everything from little furry animals to witches, some with soft fabric heads, some stuffed heads and some with carved wooden heads. Prices start at £1.50 for a small wooden clown or pirate, go on up to £5.95 for bigger carved wooden heads while original British puppets (made by British craftsmen and each unique) are about £30.



There is a small mail order catalogue for those who can't make it to Harlequin House, Kensington Mall (which is off the top of Kensington Church Street by Notting Hill Gate Tube). It is open from 11 to 5 from Tuesday to Friday (closed lunchtimes from 1.30 to 2.30) and it is only open on Saturdays by appointment.

THE SHOOTING stick is inseparable from the British sporting scene. At Badminton and other horse-shows up and down the country, at golf tournaments, motor racing, air displays—you name it, you'll probably need a shooting stick. A newer alternative is the Flipstick,—they don't have the classical lines of the shooting stick we all know and love but they are very much lighter (a mere 16 oz) and much more compact to carry about. They are made from aluminium, stainless steel and polypropylene so they will neither rust nor rot. At £9.90 they are also cheap enough to buy by the fistful. Sold by many golf shops, Harrods, Selfridges and John Lewis's in London. Or buy it by mail (£1.50 p+p extra) from: Flipstick International, Cobham Road, Pershore, Worcestershire WR10 2EY.



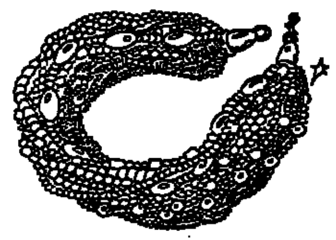
YOU CAN spend as much as £200 on a pair of designer sunglasses or as little as a fiver. As Which? in a recent survey found out, price was absolutely no guide to quality (on matters of aesthetics and status Which? wisely kept silent).

So if it is quality and protection from the sun that you are after, you don't need to spend a fortune. On the other band, given that we feel we need glasses to protect our eyes from the sun, most of us would probably prefer them to be flattering as well as effective.

Mazzucchelli's Vizz Collection offers glasses that cut out all UV-B light, cut out UV-A rays to the levels recommended by the American National Standards Institute, and reduce the power of blue light. They are also very nice-looking and come at extremely low prices. The catch is that they are not made of the highest grade of plastics. But for those who like the latest look this is hardly a matter of great moment.

Sketched here are three of this year's latest looks — all at prices that most of us can afford. Left is a pair described as the Sixties-a-Go-Go style — large, round plastic frames, in different colours, with matching ear-rings that loop over the ears. Price £8.99.

Far left, John Lennon round. These have a mirrored surface, come in lots of colours and cost just £6.99. Above, really shady shades, these. A plastic mask in a variety of colours (though black would be most chic) for £5.99.



SOME OF the most attractive summer jewellery I've come across recently is a collection of beaded necklaces strung together by skilled Zulu craftswomen using hand-made glass beads from Czechoslovakia, wooden ones from Germany and metallic ones from Japan.

The real charm of the necklaces lies in the colours, something that no drawing, no matter how skilful, can convey in our pink and grey newspaper. Each necklace is made from many strands and brings with it a breath of Africa's sunshine—lots of punchy yellow, reds, blues and greens, shocking pinks and oranges. For those who prefer subtler combinations there are those, too—combinations of black and brown for evening, glistening gold and silver. No two necklaces are exactly alike.

The jewellery, marketed under the name Abacus, is available from: Chequers, 73a Seamoor Road, Westbourne, Poole, Dorset; Rafinee, 30 High Street, Salisbury; and Yvette of Knightsbridge, 71 Knightsbridge, London SW1. There are many other stockists but any reader wanting to buy by mail can do so through Soie de Vivre, By The Way, The Street, Witley, Surrey. Soie de Vivre offers a full-money back guarantee, you can specify colours and each one will arrive beautifully gift-wrapped. Prices range from about £50 to £70, depending upon how many strands, how long the strands are and the colours.

PARENTS or any adults stuck with trying to keep children amused and entertained in London through the summer might like to know that between August 18 and 22 Ann Rachlin will be conducting boat trips with a musical theme down the Thames. Aimed specially at the 7-13 age group, each trip will last about two hours and will centre round the story and music of The Life of Handel and The Water Music. If the weather is fine what could be a more magical introduction to this lovely music?

For tickets (£4.50 for the child, £6 for an adult) write to Fun With Music, 2, Queensmead, St John's Wood Park, London NW8 6RE (Tel. 01-722 9828).

● Drawings by Anne Morrow

CHESS

MARGARET Thatcher formally opened the 1986 world chess championship last Sunday at a munificent gala sponsored by merchant bankers Duncan Lawrie. Envelopes were hidden inside giant castle-like models of Moscow's St Basil's and the White Tower of the Tower of London, guarded respectively by a Cossack and a Beefeater. The Prime Minister pulled a lever and St Basil's divided to reveal an envelope with a typed message in English and Russian giving Karpov the right to open a second envelope. The White Tower then opened up, one half sprang back to the vertical position, Mrs Thatcher slapped it down again, and it stayed down. Karpov opened the second envelope which announced that he had the white pieces in Monday's opening game.

A Department of Education and Science grant, a modest £85,000 a year in total, has been vital in enabling British teams and individuals to participate in major but distant FIDE tournaments with two-thirds of their travel paid. Last month Britain won the world solving championship in Paris, while last week our young players returned from Puerto Rico with six team and individual gold medals at the world student and junior championships.

Dharshan Kumaran, 11, of Harrow, won the world under-12 title while England won ten matches out of eleven to capture the world championship for student teams. With no friendly DES to help, many European countries were unable to send representatives and our powerful squad of Oxford, Cambridge and London students were in a class apart: England 36½/44, Argentina 33, Austria and Mexico 29.

World champion Steinitz used to advocate simple psychology against weaker opponents: "Stall, stall, and stall some more. Your opponent will eventually get an idea, it will be bad, and you will win." In this week's game White calmly builds up pressure until, sure enough, Black fatally weakens his game with eccentric queen retreats and pawn advances.

White: S. Conquest (England)
Black: E. Flores (Guatemala)
Queen's Gambit (student world championship, Puerto Rico 1986).

1 P-Q4, P-Q4; 2 P-QB4, P-QB3; 3 N-KB3, P-K3; 4 N-B3, N-B3; 5 B-N5, B-K2; 6 P-K3, QN-Q2; 7 Q-B2, Q-R4; 8 R-Q1, B-N5; 9 B-Q3, PxP; 10 BxBP, N-Q4; 11 0-0! BxN; 12 PxB, QxBP; 13 Q-K2, N(2)-N3; 14 B-N3, P-KR3; 15 B-KR4, Q-N5; 16 N-K5!

Black's 5th, 7th and 8th moves effectively play the well-known Cambridge Springs defence a tempo behind, giving White a free gift of the developing move 8 R-Q1. White has thus been able to gambit a pawn in favourable conditions, and now tempts 16...N-B6? 17 Q-R5!

16...N-Q2; 17 P-B4, NxN; 18 BPxN, Q-B1?

Black is badly underdeveloped, and his strange queen fianchetto on moves 18-22 puts all his pieces in a huddle on the back ranks. The best chance here is N-K2, planning N-N3 and 0-0.

19 R-B1, N-K2; 20 P-K4, P-KN4; 21 B-K1!

Threatens B-N4-Q6, so provokes another weakness.

21...P-QR4; 22 P-QR4, Q-N2; 23 B-B3, 0-0; 24 R-B6, R-Q1; 25 QR-KB1, P-N4; 26 Q-R5, Resigns.

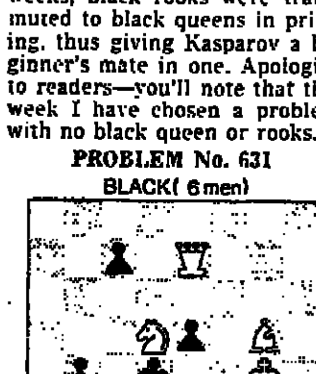
Black loses his KRP, or else two pawns by 26 . . . N-N3; 27 RxBP, while White retains a winning attack.

Problem No 630

For the second time in four weeks, black rooks were transmuted to black queens in printing, thus giving Kasparov a beginner's mate in one. Apologies to readers—you'll note that this week I have chosen a problem with no black queen or rooks.

PROBLEM No. 631

BLACK(6 men)



WHITE(6 men)

White mates in two moves, against any defence (by V. Antoshin, 1978).

(Solution Page XIV)

Leonard Barden

BRIDGE

WE OWE a debt of gratitude for the Epson world bridge championship, which was a simultaneous pairs played in various centres all over the world. The deals presented are ordinary hands taken from past tournaments, with pre-set match-point scores based on actual results. Let us examine this one:

N
♠ K 8 5 4
♡ 6 2
♢ Q 10 7 5
♣ 10 8 5

W
♠ 6 3
♡ 3
♢ 9 8 6 3 2
♣ K 6 4 3 2

E
♠ A 10 9 7
♡ Q 10 9 8 4
♢ —
♣ A J 9 7

S
♠ Q J 2
♡ A K J 7 5
♢ A K J 4
♣ Q

South deals with East-West vulnerable, and has to decide on his opening bid. He has 21 points, but the singleton queen of clubs must be devalued. He cannot, of course, bid two no trumps, and his hand does not qualify for an opening bid of two hearts. One heart is correct.

Now, it is decision time for North. He might be tempted — especially in view of the vulnerability — to respond with one spade, but if he chooses to do this his partner will rebid three diamonds and disaster is inevitable. Too high a contract will be reached and, in all probability, it will be doubled.

With a balanced hand of only five points, North should pass. East has a good hand but it is best for him to pass — hearts is his best suit.

Let us suppose that West leads the club three — East wins, and returns the suit, forcing South to ruff. The declarer has to exercise care. He must not lose trump control by cashing ace and king of hearts. He plays the spade queen, which is allowed to win, and follows with the knave.

East wins and returns another club. South ruffs, plays the diamond ace, and is shocked when East ruffs. A spade return is ruffed by West and another diamond is ruffed by East, but now the polls are closed and South makes eight tricks for an 81 per cent score.

This hand gives food for thought:

N
♠ 8 7 6 2
♡ 8
♢ A J 7 5
♣ A K J 2

W
♠ J 9
♡ A 10 5 2
♢ K 10 8 6
♣ 10 8 5

E
♠ A K 4
♡ Q J 9 7 4 3
♢ 9 3 2
♣ 9

S
♠ Q 10 5 3
♡ K 6
♢ Q 4
♣ Q 7 6 4 3

With North-South vulnerable, South deals. After two passes North bids one diamond, East overcalls with one heart, and South says one spade.

In view of the vulnerability, West raises to three hearts. North, under pressure, says three spades, East goes to four hearts and South bids four spades, ending up in a risky contract forced on him by West's clever pre-emption.

West leads the heart ace which helps South, not because it makes good his king but because it serves to place the high cards. West switches to a club. South sees that he cannot get home unless the diamond finesse works, so he wins the club in hand and runs the diamond queen. West covers, and the ace wins.

Now, the picture of East's hand takes shape. Without ace or king of hearts, he might well hold both ace and king of spades for his overcall. Anyhow, there is no other hope. South returns dummy's spade two and plays his queen when East ducks. Now he leads back a spade and makes his contract, his only losers being two spades and a heart.

Well reasoned and well played. North-South receive 87 per cent for plus 620.

E. P. C. Cotter

Woes and glories

ARGENTINA 1516-1982: FROM SPANISH COLONISATION TO THE FALKLANDS WAR
by David Rock. I. B. Tauris £24.50, 496 pages

THE CAMBRIDGE HISTORY OF LATIN AMERICA, VOLS IV and V (1870-1930)
edited by Leslie Bethell. Cambridge £45.00 and £55.00

FEW COUNTRIES have aroused such hopes yet generated so much disappointment as Argentina.

With its vast territory, good climate, huge natural resources and vigorous inflow of European immigrants, Argentina seemed a land of infinite promise in the early part of this century. At the time of the First World War, Argentina's foreign trade was bigger than that of Canada and was a quarter of that of the US. Britain in the preceding four decades had channelled here some 10 per cent of its total foreign investment. Argentina was the world's largest producer of corn and linseed, the second in wool and the third in live cattle. Nijinsky had performed in Buenos Aires' grand new opera house and in Europe the French talked of being *riche comme un Argentin*. As late as the 1940s many Europeans believed Argentina offered as much opportunity as North America and its per capita income was greater than that of Australia.

What has happened since is a sorry tale from the divisive populism of Peron, through the cruelty of the military juntas, the fiasco of the Falklands conflict and the crippling burden of foreign debt in a stagnant economy: a heritage which leaves the democracy of President Raul Alfonsin with little immediate hope of achieving the prosperous modern society once believed to be Argentina's destiny.

David Rock has set himself the task of answering the intriguing question of what went so badly wrong. In one sense he is out to refute the popular view that the past 40 years' decline began with Peron's caudillismo and his squandering of national wealth in social benefits and public works the nation could not afford.

Writing primarily as an economic historian, Mr Rock who is a professor at the University of California, argues convincingly that successful colonial societies, like Australia, established "external linkages" (in trade and investment) which survived or adapted to changes in the international order, and at the same time managed to revolutionise themselves in a self-sustaining direction. He maintains the principal cause of Argentina's decline was its failure to conserve old links with Europe or create substitutes elsewhere, especially in the post Second World War period.

The First World War witnessed a trend away from its traditional linkage with Britain that accounted for 40 per cent of trade and 60 per cent of investment. While buying less from Europe (and more from the US), it continued to sell nearly all its goods to Europe. The Roca-Runciman Treaty of 1933, between Britain and Argentina so denounced by nationalists, temporarily halted this trend until the Second World War. Thence the imbalance increased.

Sales to Europe were disastrously affected by the lack of convertibility of their currencies and by US competition, especially wheat. Lost European sales were not made up in the US where it was buying the bulk of imports. So long as Britain retained substantial foreign investments in Argentina there was a chance of a new bi-lateral arrangement; but in 1947 Peron nationalised the British-owned railways, paying £150m in compensation. He thus dissipated the relationship with the UK, the pillar of the previous 90 years of development, without finding a substitute. At this crucial juncture when the terms of trade were changing so unfavourably, Peron chose to weaken the exchequer with large hand-outs to the urban proletariat (which also stimulated domestic consumption and fuelled inflation).

Mr Rock sees Peron's prime error in his granting of concessions to labour when there was no firm basis for economic growth. He also took agriculture too much for granted. But Peron was not alone in presuming Argentina was divinely blessed. In the previous decades agricultural development was impeded by the structure of land-ownership, with too many large holdings held as a badge of social status. The smaller-scale immigrant farmer, the strength of Australia, Canada and the US, was not encouraged and this meant the rural middle class was lacking in a political voice; while the urban middle class top-heavily centred in Buenos Aires enjoyed disproportionate power. Lack of real attention to the nation's basic resource, the land, resulted in stagnant productivity, while prices were undermined by inflation. Between 1945-73 grain yields rose only 25 per cent in Argentina against 89 per cent in Australia and 140 per cent in the US.

Mr Rock argues that political stability tended to follow periods of prosperity and vice versa. However, he does not make enough of how Peron so thoroughly eroded the notion of democracy, thus making Argentina a difficult international partner. He further ignores the destabilising effect of a nation in search of an identity which it still has not found. Nevertheless this is a significant work of reference which deserves careful study despite its heavy prose and high price.

A distilled version of part of this book can be found in Mr Rock's contribution to Vol V of the Cambridge History of Latin America. Vols IV and V, covering 1870-1930, have just been released. These volumes draw on some of the most distinguished scholars working in this field and this much needed series has the great merit of being broadly focused also to include social and cultural developments.

Since each contribution is often the length of a small book, the publishers should consider the publication of individual chapters in book-form for greater diffusion. Otherwise at this price such valuable work is destined for the libraries.

Robert Graham

'Long Live the Argentine Federation'—a slogan of the late 1820s, one of the illustrations to David Rock's book

Drawing the line at last

SLOW ON THE FEATHER: FURTHER AUTOBIOGRAPHY 1938-1959
by Wilfrid Blunt. Michael Russell. £12.95. 270 pages

WILFRID BLUNT tells a story in this new volume of autobiography, which mainly concerns his 21 years as Drawing Master at Eton, of the arrival of the present Viscount Chelsea at the school. His housemaster, proud of his aristocratic acquisition, was extolling rather too fulsomely to the wife of another housemaster the boy's fine qualities. "I suppose you've checked," interrupted the lady sharply, "that he has an anchor on his bottom?"

Many copper-bottomed aristocrats are firmly anchored in these pages, from the now dreadlocked Viscount Weymouth who once entranced Evelyn Waugh ("I think he is the most enchanting creature of either sex I have met for twenty years," he wrote to Lady Bath) to Prince Richard (now Duke) of Gloucester ("considerable artistic talent").

In this book's predecessor, Married to a Single Life, which covered his time at Haileybury, Mr Blunt declared that "the really nasty Etonian or Old Etonian cannot be matched by the product of any other school in the country." Opening this volume, I looked to see that doubtless true judgment borne out. It isn't, of course. The charms of Eton, or the warnings of the libel lawyer, have carried the day. Living ex-pupils are discreetly dealt with. The venom is reserved for dead beaks.

And not many even of them. H. K. ("Bloody Bill") Marsden gets it in the neck for being "an unsuppressed sadist." My own eccentric but endearing housemaster, R. A. ("Dirty Dick") Young is playfully pilloried for being unaware that his house was "humming with sexual activity" (you could have fooled me, too, I guess). But Cyril Butterwick, later Sotheby's silver expert, is accorded an epitaph that any snob schoolmaster might envy. "In 1966," writes Mr Blunt, "Butterwick dropped dead at a garden party at Buckingham Palace; he would not have wished for a more fitting end."

If Mr Blunt has a serious grouch against the school, it is that "philistinism was rampant in high places," starting with the Head Master, Claude Aurelius Elliott, who came, almost unknown, from Jesus College, Cambridge, and would now be described as laid back. In Mr Blunt's first year a crisis occurred when his superior in the art department, Llewellyn Menzies-Jones ("Mones") went temporarily round the twist, "striding up and down the big gallery at the Drawing Schools, singing operatic excerpts at the top of his voice . . . ordering two boys to fetch ices for the entire division and 'charge them to Mr Blunt.'" Confronted with these facts the Head Master replied: "You know it's Henley Week? Can't you possibly keep him in play until that's over?"

Elliott and, I am sorry to hear, that brilliant organist Dr Henry ("Daddy") Ley, were resolutely opposed to any musical innovation. An even worse instance of an anti-cultural bigot was, it appears, the housemaster Nichols Roe. Mr Blunt devotes a whole chapter to complaints made against him by an elderly old boy, now living in Switzerland, who is simply referred to as "O" (an *Histoire d'O* even more searing than the original French one).

When not telling Eton anecdotes Mr Blunt has a prolix style, labours his analysis of his own homosexuality, and includes a bizarre passage about the number of possessive widows who, he believes, were out to "take him over." He includes a postscript on his brother Anthony Blunt, who said to him, after the public revelation of his treachery: "You must admit I'm a very good actor."

A ragbag of a book, containing good things and bad things, like Eton itself.

Rivers Scott

Fiction

London to Cambridge fizzer

THINK OF ENGLAND
by Frederic Raphael. Cape, £8.95. 187 pages

SUNFLOWER
by Rebecca West. Virago, £9.95. 276 pages

MISSING PERSONS
by David Cook. Alison Press/ Secker & Warburg, £9.95. 184 pages

INCIDENTS AT THE SHRINE
by Ben Okri. Heinemann, £9.95. 136 pages

FIRST THE bad news about Frederic Raphael's new collection of short stories Think of England. They are narrow in scope, limited almost entirely to literary London, Cambridge 30 years ago, and the scriptwriting scene in Spain, England and California—the life and times, in short, of one F. Raphael, who appears in more than one of the 17 stories under his own name, usually in the leading role.

Now the good news. They are up to his customary standard, sharp, cynical, bitchy, urbane, always interesting, always good-humoured, yet never afraid to put the boot in when the situation calls for it. He puts the boot into all the right people—pseuds, literary critics (an undeserving breed), frenetic film producers, media frauds of all kinds—and does it with great skill, not to mention enthusiasm.

One of the best stories charts the career of a ghastly Cambridge graduate of the 1950s, a pushy individual who claws his way up through the world of letters without an ounce of talent and becomes chairman of the Booker judges the very year that old enemy Raphael is in with a good chance. It all rings horribly true, so true in fact that what one really craves with Think of England is a crib to the author's real thoughts, a list of dramatis personae without the names changed.

Who, for instance, are Gaines and Ashman, Cambridge contemporaries, whose literary progress is achieved largely through energetic reviews of each other's work? Who is the publisher Roy Powell, whose titled wife serves up the most appalling lunches at their Welsh retreat? If not Oxford men in real life, they certainly have Oxonian counterparts stalking the face of the earth. No doubt the author's lips are sealed on this point. The fun for the rest of us is to put names of our own to a cast of his choosing.

Rebecca West's Sunflower, for all its cheerful title, displays considerably less brio. It is a *roman à clef*, written during the 1920s (though never finished) and published now for the first time, three years after her death. *Roman à clef* because it traces the break-up of the author's affair with H. G. Wells, followed by an equally unhappy fling with little Lord Beaverbrook, whose sparkling performance in life was never, by this account, equalled in bed.

It seems that Rebecca West wrote the book as a means of getting Beaverbrook out of her system, then buried it in a bottom drawer, where it has remained for the best part of 60 years. Thousands of women do the same every year. Whether it was wise of Virago to disinter this particular volume and publish it as the first of seven posthumous works by the author will be for the reader to decide.

As literature, Sunflower comes across as distinctly tepid. Whatever her other claims to fame, Rebecca West was never a great writer, and this is not one of her best novels. Dull is the politest word for it. As history though, a portrait of Beaverbrook with his trousers down, it has a fair claim to be a fascinating social document. Indeed the most interesting part of the book is Victoria Glendinning's Afterword, in which the characters' real names are given and their various relationships placed in a proper context.

David Cook's Missing Persons takes a trio of old age pensioners and lets them in for a series of bizarre situations, most of which are the fault of the indomitable Hetty. Her friend Frank is a retired lecher who abandoned his son as a baby 50 years ago and has never looked back. Hetty undertakes to reunite the two, against their wishes, and is so encouraged by the failure of this experiment that she sets up as a private detective in search of other missing persons.

A splendid idea for a story, particularly in the character of Hetty. Unfortunately though, the author begins to lose control towards the end. His sense of social realism, which has served him so well in the past, intrudes a little too far into what is otherwise a lighthearted and cheerful romp through the tribulations of senior citizenship.

Incidents at the Shrine, by Ben Okri, is a series of short stories set mostly in Nigeria and dealing with life at the bottom of the heap in the slums of modern-day Lagos. The first is the most moving, a poignant tale of rape and murder during the Biafra war. Others chart the attempts of various unorthodox characters to come to terms with an increasingly hostile world. Idols and masks play a large part, as do bad dreams. The author's talent is undeniable, but the overall effect of his stories is a trifle unsettling.

Nicholas Best


David Cook and Ben Okri: Nigerians and senior citizens


Eton Volunteers on parade c 1914—from the book reviewed below

Loving Puritans

THE PURITAN CONSCIENCE AND MODERN SEXUALITY
by Edmund Leites. Yale UP £17.50, 196 pages

THE SEVENTEENTH-century Puritans, Edmund Leites suggests, were not as grimly preoccupied with restraint and self-control as we might imagine. Unsurprisingly, however, Leites acknowledges that they can hardly be seen as advocates of untrammelled hedonism. The initial chapters of The Puritan Conscience and Modern Sexuality claim, with disarming caution, that, within the context of marriage, the Puritans felt that "a steady emotional and moral tone" should be "integrated with an emotional warmth and erotic delight." Richard Baxter, for example, urged married couples to "keep up your Conjugal Love in a constant heat and vigor."

Leites then asserts that one "unintended outcome" of seventeenth-century Puritanism was a major change in the classification of gender. In the middle ages, women had been regarded as more strongly dominated by the demands of sexuality than men, and less aware of the demands of morality. The Puritans abandoned this view of women, and invested the female conscience with a moral stature equal to that of the consciences of men. By the eighteenth century, women were seen as the more moral of the two sexes, and their sexuality was viewed as correspondingly weaker. This reversal of the medieval characterisation of women served to reduce the demands which the Puritan ethic of moral constancy placed on men. Women assumed the full burden of living a life regulated by conscience, while men affirmed their own allegiance to moral constancy by demanding that women should behave in this strictly "moral" fashion.

Richardson's novel Pamela, the tale of a virtuous young servant-girl who resists the sexual advances of her master, Mr B, and is eventually rewarded when he marries her, would seem to provide a clear example of this symbolic division between female purity and aggressive male sexuality. As Leites points out, however, Pamela's sexual orientation to the world is as steady as her morality. Richardson has her respond . . . with delight to Mr B's gorgeous clothes, with a sexualised fear of his monstrous Swiss servant, and with disappointment in the pallid parson.

This notion of a sexuality which remains constantly active is, Leites argues, in sharp contrast to the classical and medieval view of sexual desire as naturally fluctuating and transitory, in both men and women. The fact that it became possible to envisage a "steadiness of sexuality" is presented here as the indirect result of the Puritans' success in establishing moral constancy as a rule of human behaviour. Sexuality, the book assumes, has always been at war with conscience. By 1740, when Pamela was published, "new techniques of self-regulation" had given conscience "a new and steady power over men and women within the Puritan tradition." Sexuality, therefore, in order to "defend itself," "took on the character of its opponent. It, too, claimed to be a constant and potent motive which colored all of life."

Leites defines The Puritan Conscience and Modern Sexuality as "an essay in philosophical history," and refers a number of times to the works of the "most recent eminent practitioner" of this genre, Michel Foucault—in particular, to the first volume of Foucault's History of Sexuality. The approach to the history of sexuality which this book adopts is nevertheless very different from that which Foucault proposes. Whereas Foucault denies that the concept of repression is a useful one, for example, Leites—with intermittent reference to Freud—gives this concept a central place in his survey of the vicissitudes of sexuality over the centuries.

Unlike Foucault, moreover, Leites shows little interest in the ways in which sexuality was constituted as a domain of knowledge, but concentrates instead on the specific doctrines about sexuality which were put forward within individual texts. The writings of the Cambridge Platonists, Locke's Some Thoughts concerning Education, the journalistic articles of Addison and Steele and various 17th century comedies are all discussed in terms of the "message" about sexual behaviour which may be extracted from them.

In the chapter on Pamela, however, while Leites is still scrutinising his text for the doctrine which it sets forth, this doctrine is no longer seen as a unitary, consistent one, and is no longer presented as an explicit, easily-paraphrased argument. With an air of much greater sophistication, this chapter begins to examine underlying ironies, diversities, and contradictions.

At various points in this book, the analysis is injected with an unexpected element of drama by the suggestion that we are still at grips with the problems which the 17th century increase in the power of conscience produced. The tensions generated by the Puritan attempt to integrate eroticism and constancy, Leites observes lugubriously, "loom so large" in contemporary America that even the harsh world of work frequently becomes "a respite from a home which asks for more than is possible."

The Puritan Conscience and Modern Sexuality is a lively and energetically argued book: the sharpness of its analysis varies considerably, but it is no less interesting for the ebullience, the slightly tortuous ingenuity, and the occasional bursts of eccentricity with which Leites pursues his central theme.

Chloe Chard

Bronx man's eye on Ireland

IRELAND: IN ALL HER SINS AND IN SOME OF HER GRACES
by J. P. Donleavy. Michael Joseph, £12.95, 223 pages

IRELAND deserves better than this. Marketed as "a feast of anecdote and autobiography," J. P. Donleavy's account of 40 years' worth of roistering around the capital and countryside of an island he came to as an undergraduate of Trinity College, Dublin, makes melancholy reading.

It was only to be expected that he would eventually fall victim of the dreary myth-making and bleary mysticism propagated largely by men and women born in America of Irish immigrant ancestry—reinforced by some Irish publishing and literary circles which assiduously sustain the sovereignty of the second-rate. To be fair, Mr Donleavy has struggled against it.

And to be fair, he has not struggled very hard. The Ginger Man, his first novel, was and is still a lively, original read, for all the probability—more evident now than a generation ago—that *succès de scandale* in its first, Olympia Press, edition was more potent than *succès d'estime*. The Beastly Beatitudes of Balthazar B is a dotty book. A Fairy Tale of New York is dotty and funny and sharp. Not all his work, in short, works. But there has seemed no reason to take him less than seriously.

There is reason now. This glossily produced chunk of non-fiction is almost unreadable. Cut off from his imagined characterisations (whose conversations led Kenneth Tynan to say—it is reported here—that "my dialogue would be a godsend to British films") his literary tics run uncontrolled.

His worst habit is to scatter full stops like confetti, reducing coherence to gibberish on the page, as in "The land where time cannot fly. To which the stranger comes. To be fleeced or fooled by the smiles." and ". . . a big white British five pound note. Which in those days was majestically unscrawled in its own elegant flowing script."

Style aside, the portrait of the artist as a young man, crudely chalked as if on a pavement, has no substance; its dimensions are reduced to simple debauch, fist-swinging, and snobbery. There is more of influence in Ireland than this; and yet Ireland's special sins are worth attention—a collective capacity for violence twisted into savagery, narrow-mindedness turned into bigotry, nostalgia fossilised into intellectual paralysis, and drinking to a degree of social calamity.

Flickers of life put Brendan Behan and Patrick Kavanagh into prose turned with care for a subject as well as for language, but not even the description of Christopher Logue careering round Connemara on a rented bike can compensate for nonsense like "And somehow one felt one had won one's first great victory over struggle and adversity on this verdant isle." Back in the Bronx, where J. P. Donleavy was born and brought up, God-fearing Irish-Americans would surely thump him for saying a damfool thing like that.

Gay Firth

Youthful genius blotted out

THE CHILDREN OF THE SOULS: A TRAGEDY OF THE FIRST WORLD WAR
by Jeanne Mackenzie. Chatto & Windus. £14.95 276 pages

WHAT WERE the stories of the children of The Souls? What was the life of Barbara Lister, author of one of the most charming books on Paris ever penned, and mother of Peter Wilson, creator of today's Sotheby's; or of her sister Laura Lady Lovat, who was known as Lady Love at First Sight? Or of Lady Rosemary Leveson-Gower, who was the first love of the Duke of Windsor? Or of Ivo Grenfell, killed in a car crash in 1926, or of Stephen Tennant, happily alive today?

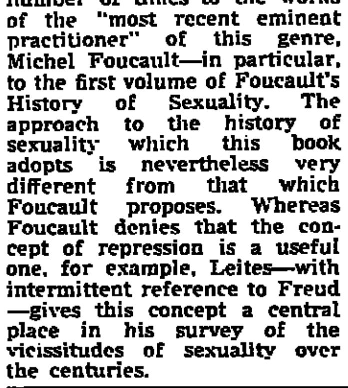
It is not these attractive and appealing characters that are the subject of Mrs Mackenzie's book. She limits her story to that talented coterie of Balliol men who were killed in the Great War, and whose high promise was such that some dubbed them The New Elizabethans. She adds Ego and Ivo Charteris, but omits two Souls casualties, Percy Wyndham (only child of George Wyndham and Sibell Grosvenor, and heir to Clouds, the model aesthetic house where the Souls met each Easter), and his cousin Edward Tennant, known as "Bim."

Mrs Mackenzie's heroes are Raymond Asquith, Julian and Billy Grenfell, Charles Lister, Patrick Shaw Stewart, Edward Horner (so handsome he merits a better photograph than the unrecognisable snapshot reproduced). This group have been brilliantly described by their friend and Balliol contemporary L. E. Jones in *An Edwardian Youth*. They were all admirers, some suitors, of the much lamented Lady Diana Manners with her luminous beauty and Baltic blue eyes, whose high-spirited originality and myopia to the conventional made younger generations understand the allure of the Souls. She, too, wrote beautifully about her friends.

The author has researched diligently through privately printed memoirs and privately owned letters and diaries. Her work is very thorough, but it does not alter the picture of these brave, high-minded men which one already knew. Mrs MacKenzie is an engraver rather than a painter; she has looked at a number of colourful oil sketches, and engraved them in black and white, filling in the copper plate with much additional detail. Her book is for the new reader, who will find it a useful, if lengthy introduction.

She seems to hold the view that patriotism is a concept once fashionable, but now in need of some explanation, like bi-metallism or the Oxford Group. She considers it to be inspired by a classical education, enhanced by Arthurian legend, and therefore stronger among the best educated. Not now the place or time to argue this notion, but I would disagree with the theory that this group of friends sought death with a "ruinous romanticism." Courageous they all were, perhaps recklessly so, and Julian Grenfell was the Happy Warrior who gloried in the field of battle. But life had so much to offer them, and they were too brave to refuse its duties, and too intelligent not to appreciate its rewards.

Jane Abdy



CRIME

FATHER'S LAW
by D. W. Smith. Macmillan £8.50. 266 pages

THE UNORTHODOX MURDER OF RABBI MOSES
by Joseph Telushkin. Collins £8.95, 198 pages

IN Father's Law, a rather long first novel, D. W. Smith, displays an attractive, understated style, a keen sense of relationships, and a feeling for character (his protagonist, D. C. I. Harry Fathers, is particularly convincing). His pacing, however, works less well. Throughout the leisurely beginning you have the impression you are reading a good procedural story about the daily life of the Serious Crimes Squad (is there also, by the way, a Frivolous Crimes Squad?): but then, after some seventy pages, the book makes a sharp turn and goes off in a different, equally interesting direction.

At the end, the story returns to Track One, and ends satisfactorily.

After the resounding and enduring success of Harry Kemelman's fictional Rabbi David Small, it requires some courage to write a murder story with a rabbi-sleuth and a Temple setting. Joseph Telushkin (himself an Orthodox rabbi) is not only brave: he is talented. His protagonist Daniel Winter has some of David Small's qualities: wry humour, humanity, stubbornness; but he is, all the same, a distinct and appealing individual. The story has some foxy twists and turns, and a thoroughly satisfying conclusion. This is a first novel; clearly there will be more. Good.

William Weaver

World companies salute the Scottish enlightenment

With one week to go until the opening of the 40th Edinburgh International Festival, FT critics select their highlights from this year's programme

MUSIC

Max Loppert

OPERATICALLY, the 1986 Edinburgh schedule has a rather lean and hungry look. But at least one entry promises some authentic festival "clout"—the visit by the Maly Theatre of Leningrad, one of the least travelled of Russian companies and also one with a high reputation in the West. The Maly comes with two Russian masterpieces, Chaikovsky's *Onegin* and *Queen of Spades* (Chaikovsky is one of Edinburgh's featured composers), and, as a novelty, the British premiere of *Mary Stuart* by the Leningrad composer Sergey Slonimsky.

In the line of *Carmen* and *Don Giovanni* of past seasons, the festival itself is initiating the opening show — Weber's *Oberon* (interesting choice: maybe the idea, after Scottish Opera's recent disaster with the same piece, is to show them how it ought to be done . . .). Frank Dunlop produces, Seiji Ozawa conducts, Carl Toms designs, Elizabeth Connell and Peter Lindroos take the leads, and the original (dreadful) Planché text is reputed to supply the basis. The third main operatic event (to be given at Leith) is *Aida*, in the slimline production by Folkopera of Stockholm that has provided Swedish cultural life with a recent smash success.

The musical programme is the usual grand array of visiting orchestras at the Usher Hall, and morning recitals and chamber music at the Queen's. This year's orchestras include the Toronto Symphony in a Stravinsky programme (with dancers) under Andrew Davis (August 28), a characteristic Simon Rattle City of Birmingham SO feast of Berio and Mahler (August 30), a Scottish National Orchestra exploration of works inspired by Scott and Ossian (August 17). More predictable concerts are promised by the Moscow virtuosi (August 13), the Academy of St Martin's (August 15 and 16), the Chamber Orchestra of Europe under Abbado (August 18 and 19), and the Oslo Philharmonic (August 20).

Montserrat Caballé leads the procession of Edinburgh recitalists, among them Ivo Pogorelich, Nigel Kennedy, the cellist Heinrich Schiff, the excellent young French singers Catherine Dubosc and Francois le Roux, and Irina Bogachova (principal mezzo of the Maly company). The selection of contemporary music, for many years now the weak point in the Edinburgh line-up, is this year focused on the middle weekend, when the choice of the composer Alexander Goehr dominates seven fascinating, well-varied concert programmes: between them they add up to a tiny potted history of postwar music.

BALLET

Clement Crisp

CHIEF dance interest in this year's Edinburgh Festival inevitably centres on the first British appearance of the Ballet of the Grand Theatre, Warsaw, with a staging of *The Sleeping Beauty*. The company, which celebrated its 200th anniversary last year, is large and the production has been mounted for them by Pyotr Gusev. One of the most venerable figures of Soviet Ballet, Gusev was an early star of the Leningrad Ballet, and later a producer and teacher. His version of *Beauty* has been admired for its respect for the Petipa manner: I have had enthusiastic reports of his staging of the work for the Lithuanian Ballet, lately seen in Moscow.

It is worth noting that the Poles are bringing a group of 24 children dancers to provide the correct forces needed in the Garland Waltz in Act 1, and for the Lilac Fairy's attendants. The omens are good. The Poles can be seen in the dismal barrack of the Playhouse Theatre between August 18 and 23.

The Playhouse will also be home for the Ballet of the Lyon Opéra, bringing an adventurous presentation of Prokofiev's *Cinderella* by Maguy Marin, darling of the French modern dance scene. The cast is reportedly disguised as dolls and toys. *On verra*, between August 12 and 16. With thunderous archness the Festival brochure announces that the matinées on August 16 and 23 are "a special children's bargain" and that "adults are not allowed in unless accompanied by a child." I have always maintained that Good King Herod has been gravely misunderstood.

London Festival Ballet's concert group, LFB2, will play the Lyceum Theatre on August 11, 12, 13 (matinée and evening), with a triple bill of ballets created for them: Christopher Bruce's fraught *Land*, Michael Clarke's laboured *Drop your pearls*, and a brand new *Petrushka Variations* by John Neumeier.

FILM

Nigel Andrews

LATE programme publication means that the Edinburgh Film Festival (August 9 to 24) can be greeted only with sketchy prognostications at this stage. A glance at the main events, however, suggests the mixture as before from festival director Jim Hickey: for both good and ill. For good in the premiering of promising home-grown movies and in the rounding-up of top films from previous 1986 festivals: Neil Jordan's *Mona Lisa*, Tarkovsky's *The Sacrifice*, Jim Jarmusch's *Down By Law*, Dorris Dorrie's *Men*, Eugene Cor's *Desert Bloom*, Fredi Murer's *Alpine Fire*. For ill in the scarcity of the kind of retrospectives and mini-tributes which used to barnacle the Edinburgh festival in the 1970s and give it distinction and character.

This year we have only a homage to Bernard Vorhaus, a little-known German-born director who worked in England and Hollywood before the McCarthy era terminated his career, and yet another foray into the Far East. For the third year running Orientophile Tony Rayns plunders Japan, China, Taiwan, Hong Kong and the Philippines. Admirable and intrepid as Rayns is, are there no other parts of the world Edinburgh could start plundering, just for a little variety?

But there is still plenty to detain movie zealots in Auld Reekie. Gird up your stamina for a newly restored print of Erich Von Stroheim's silent classic *Greed*, with Carl Davis conducting his own specially composed score. Other goodies promised are films from six young Australian directors, the latest movie from Jean-Jacques (*Diva*) Beineix and the usual assortment of weird, and frequently wonderful, low-budget films from America. Highly touted among the latter are David Byrne's rockumentary *True Stories*, featuring Texas locations and the Talking Heads, and Bill Sherwood's *Parting Glances*, about life among gay yuppies in New York.

THEATRE

Michael Coveney

FESTIVAL director Frank Dunlop's invocation of the old Peter Daubeny tag "World Theatre Season" is all too appropriate for the international bill of fare this year. Andrzej Wajda, Ingmar Bergman and Nuria Espert were all star participants in those halcyon but often underpopulated seasons at the Aldwych Theatre. Espert's *Yerma*, a sensationally erotic performance on a trampoline about a barren Spanish peasant, is revived to establish the link.

Wajda's Stary Theatre of Kracow production of *Crime and Punishment* will be eagerly compared with Lyubimov's recent Almeida version; his *The Possessed* was one of the best Dostoyevsky theatre evenings ever and a highlight of Daubeny's old World Theatre Seasons. Bergman is represented by two productions: the Bavarian State Theatre in Ibsen's *John Gabriel Borkman* (which I much admired in Paris last year) and the Royal Dramatic Theatre of Stockholm in *Miss Julie*.

Last year, the Toho Theatre of Japan had a huge success with their Samurai, cherry blossom *Macbeth*, and they return with an all-male *Medea*, to be given after dusk in the old courtyard of the University's Old College.

The Enlightenment theme is less enticing on the theatre programme, where the Signet Library plays host to Allan Ramsay's *The Gentle Shepherd* and John Home's *Douglas*. Pious expectations, let us hope, will be pleasurably confounded. More straightforward delights should emanate from the Chinese Magical Circus, the Wooster Group from America (showbiz apogee for the Performance Group and Spalding Gray) and the irresistible Flying Karamazovs—hippie jugglers with a remarkably unstoned turn.

David Threlfall, the neurasthenic barnacle of a Smike in the RSC's *Nicholas Nickleby*, is giving his Hamlet with the Oxford Playhouse Company and Rikki Fulton repeats his wonderful 1985 "bourgeois gentilhomme." Archie Jenner of Princes Street, in the Scots Molière *A Wee Touch of Class*. Jimmy Logan fights back as Harry Lauder.

On the fringe, there are always shows with titles like *Intimate Memoirs of an Irish Taxidermist* and *The Wobbly Spanky Botty Show* (new comedians with a lot of cheek, I gather), but I certainly intend to begin at the born-again (under Jenny Killick) Traverse, which offers new plays by Tom McGrath, John Clifford and the great Peruvian novelist Mario Vargas Llosa.

The Assembly Rooms in George Street, the great cattle-market of alternative comedians and hangers-on, plays host to the Abbey Theatre of Dublin in Tom MacIntyre's *The Great Hunger*, which whets the appetite. Unmissable at the same venue is Barry McGovern's *I'll Go On* monologue from the Gate in Dublin, which has the considerable double virtue of introducing you to a great Irish actor and reminding you that Beckett is, in the first place, a great Irish writer of comic prose.

I would ponder a revival of Camus' *Les Justes*, a fine play about the ethics of terrorism, at the Adam House Theatre, and seriously consider a Nottingham student production of the Tudor comedy *Ralph Roister Doister*. Tic Toc from Coventry will be worth a look at Heriot Watt, and the Hole in the Ground at Castle Terrace is always an interesting venue. The Lavender Menace Book Shop presents *Muscles and Pink Socks*, touted as "High Gay Style for absolute beginners" if you're feeling, so to speak, bold. The Cambridge and Oxford revues will no doubt be as dire as usual.

Star individual turns in the Assembly Rooms are likely to by Jools Holland, the admirable presenter of Channel 4's *The Tube*, with his own piano cabaret, and gifted mimic Rory Bremner who is not, after all, related to Richie Benaud. Had me fooled there for a minute, though, Peter. That was a very good effort.

VISUAL ARTS

William Packer

THE EDINBURGH Festival is never pre-eminently a festival of the visual arts, but a nod at least is always made in their direction, and the national and local institutions of the city, to say nothing of the private dealers, can usually be relied upon to rally round in their own good cause.

The given theme this year is The Scottish Enlightenment, to which three major exhibitions address themselves. At The Royal Museum of Scotland *A Hotbed of Genius* will give a sociological, historical and general account of the great years of Scottish intellectual achievement and expansion between 1730 and 1790. *The Golden Age*, at the Talbot Rice Art Centre, is concerned with Scottish painting in that same period, centred upon Ramsay, Raeburn and Wilkie. And *The Enterprising Scot*, at the Royal Scottish Academy, documents the familiar collective ingenuity of that extraordinary nation.

Other exhibitions will include *Scottish Art Today* at the Edinburgh College of Art, a survey of current activity at a notably lively time; a full retrospective of the work of John Bellany, at the Scottish National Gallery of Modern Art; *Printed Light*, the pioneering photography of Fox Talbot, Adamson and Hill, at the Scottish National Portrait Gallery; and *Lighting Up the Landscape*, French Impressionism and its origins, at the Scottish National Gallery.

And of course the Fruitmarket, the 369 Gallery, the Scottish Gallery, the Mercury Gallery, Richard Demarco and all the others in the private sector, will be making their usual contribution to the Festival, for all those who care to look.

Useful Edinburgh telephone numbers

International Festival information:	031-226-4001
International Festival Box Office:	031-225-5756
Fringe information:	031-226-5257/525[illegible]
Film Festival	031-228-2688
Jazz Festival	031-557-1642/154[illegible]
Traverse Theatre Box Office	031-226-2633
Military Tattoo:	031-225-1188
Tourist Information/Accommodation:	031-557-2727

Miraculous echoes

OPERAS have been staged in the Slottsteater at Drottningholm, the home of the Swedish royal family a few miles from the centre of Stockholm, ever since the exquisite 18th-century theatre was brought back to life in the early 1920s. How so much of the original fabric and stage machinery had survived intact for more than 120 years is little short of a miracle; after the assassination of Gustaf III at the famous masked ball in 1792 the theatre seems to have been allowed to fall into benign neglect, used only by the children of the royal court as a playground, perhaps the most enchanting Wendy House anyone could hope to have.

Drottningholm has really gained an important place in the international opera calendar only in the past six years, since Arnold Ostman took over as artistic director. Not content with using the original 18th-century sets (or rather exact copies of the drops that had survived) and the machinery, he also set about reinventing the precise musical style of the original performances. His fidelity to the minutiae of his recreations is remarkable; he regrets that the original candle lighting has had to be replaced by electric surrogates (because of the fire risk) not only because the substitute is much less plastic and suggestive but because the smell of the wax must once have been powerfully evocative. As he points out, we now experience the operas performed in an "old" building: in the 18th century the theatre would have been new, freshly painted, so that the simulation 200 years later can never be absolutely precise.

For Ostman's paramount concern is with *style*; it's a term he uses constantly when referring to his work at Drottningholm, and it seems much more appropriate than the current modish "authenticity," for it is embracing, setting a complete theatrical world that was blown away by 19th-century romanticism. In Britain his work is known from his appearance at Covent Garden in 1984 to conduct a revival of *Don Giovanni*, and from the Drottningholm recording of *Cosi fan tutte* released by Decca last year.

The *Giovanni* was a shambles, because neither the cast nor the orchestra was able (or willing) to realise Ostman's demands, his concern for textural clarity, his swiftness of tempo and articulation, his attitude to ornamentation. In the *Cosi* also there are shortcomings—the record company chose to replace the original light-toned Swedish cast with whom Ostman had developed the production with a supposedly international cast, which was thought to carry more commercial weight. (I'm convinced that was wrong: the set has sold very well, but it has sold, surely, because of Ostman's radical reassessment of a familiar masterpiece rather than the attraction of this or that particular singer.)

In its natural environment, in a theatre that seats only 450, and with all the ushers and orchestral players also in 18th-century costume, the illusion is almost perfect, and Ostman's achievement comes into proper focus. The balance between singers and orchestra is effortlessly right, the musculature of the orchestral writing takes on an enriched expressive potential; every component in the dramatic package is correctly weighted. For anyone visiting Drottningholm for the first time the revelation is not just in the sound of the performances which one would expect, but in the theatrical effectiveness of the production too, in which the smallest gesture or nuance can assume enormous significance.

Eighteenth - century ballet also forms an important part of the Drottningholm summer season, but this year the operas presented were *Idomeneo* (a new production by Michael Hampe) and a revival of Goran Järvefelt's *Don Giovanni*, with which Ostman had made his debut at Drottningholm in 1979, and which was also seen in 1981. The *Idomeneo* proved to be straightforward and unfussy, emanating a stylish elegance that one comes to recognise as Hampe's trademark. It stuck closely to the conventions of 18th-century *opera seria*, with an economy of gesture and fundamentally low emotional temperature, and was always pleasing to watch, with its characters and chorus disposed about the perspective sets with absolute balance and precision.

The music of the 18th century is lovingly recreated in a 200-year-old theatre in Sweden

It might seem surprising in such a temple of historical exactitude to discover that *Idomeneo* had been judiciously pruned, undoubtedly tightening the action and preserving the dramatic momentum. Yet Ostman is fundamentally a theatrical animal, whose instincts are those of a performer rather than a dust-dry musicologist; for him the performances have to live and breathe, and above all communicate as directly as they would have done 200 years ago. If that demands cuts, then cuts there must be.

Certainly the opera consistently moved with directness and point, aided by a cast that though it was somewhat uneven, never hindered the action. The female singers rather outshone their male colleagues: Ann Christine Beil's Ilia and Anita Soldh's Elettra were outstanding; Miss Soldh recovered from a slightly histrionic opening to deliver the demanding lines with striking control. In the *travesti* role of Idamante Ingrid Tobiasson cut a dashing, robust figure. Joseph Portschka's Idomeneo did not suggest a complete mastery of the coloratura the role requires (though his principal aria was sung in a version that reduces the ornamental demands), while Lars Magnusson took the one aria of Arbache that was with spirit and dramatic bite.

Towards the end of the opera the orchestral playing, which had begun with great energy and pungency, began to falter a little, and the old accusations laid at performances of period performances, those of uncertain intonation and tonal thinness, began to have some point. But in *Don Giovanni* the following evening there was never a suggestion of such problems; indeed the whole opera coursed with a liveliness and dramatic intensity that clearly stemmed from Ostman's urgency in the pit, but which was realised fully in Järvefelt's staging and in the singing of a remarkably coherent and expert set of principals.

It was by any standard a quite remarkable performance and it is a long time since I have heard this opera delivered with such instinctive theatrical sense and impeccable musicianship. There was not a great deal of extraneous stage business but what there was sharpened still further the edge of tragicomedy on which the opera is so finely balanced. This was a *Giovanni* of many primary colours, a comedy with dark undertones rather than a fundamentally black and lowering edifice. The menace was always there but it did not prevent the wit coming through whenever the opportunity presented itself.

For once the cast really looked as if it was involved in the events that were being unfolded, and Magnus Linden's white-faced Giovanni set the tone, a man living life at ferocious speed in the first act (his Champagne Aria was delivered at a riotous galmlop, a concentrated outburst of exuberance), and swiftly burning himself out in the second, so that his final disintegration, the make-up crumbling, his servants in open revolt, became that much more real. His descent in hell was musically terrifying too, punched out by Ostman and the orchestra with the wind making their raw, stabbing contributions more telling than ever.

Perhaps Sylvia Lindenstrand's Elvira was rather cloudy and inclined to hysteria, but Clarry Bertha's Anna looked and sounded just right, and maintained a barely suppressed fury from the moment of her father's murder until the final scene. Hillevi Martinpelto was another find as Zerlina, a generous, easily scared girl, whose near-rape by Giovanni at the end of Act 1 seemed unusually affecting. Most impressive of all, however, was the Ottavio of Stefan Dahlberg, not at all the portly, middle-aged wimp of so many productions but a decisive, dominating figure, an authentically virile counterpart to Giovanni, who also just happens to possess a tenor of startling control and tonal fluency, and whose two arias were the high points of the opera. Such luxuries though were really bonuses, surmounting a production that seemed to justify Ostman's aims in every aspect and which recreated the 18th century in an utterly credible and often deeply disturbing way.

Andrew Clements

Tiger, tiger—Paul Tracey and Deborah Rubin at Kew

More tropical news

FOLLOWING Boorman's film *The Emerald Forest* and coinciding with Jack Pizzey's BBC TV series on South America, Performance Art now gets in on the act. Good causes and theatrical history converge at Kew Gardens where the company Lumiere & Son are presenting (last performance this evening) a spectacular and stylised ramble through a tropical rainforest by day and night; and thus provide the first theatrical show ever given in the Royal Botanic Gardens.

Deadwood is mounted under the auspices of the Watermans Arts Centre, situated just across the river. This explains the presence on Thursday of the Mayor of Brentford: tricky protocol led to his colleague of Richmond, in whose territory the performance actually takes place, being invited on another night. In conjunction with the pro-forest organisation Earthlife much goodwill has been generated for the project.

Darkness falls and the spectators—an estimated 1,500 on Thursday—are conducted along paths through copses and spinneys. Floodlit trees and clearings reveal the occasional humans perched, dangling or flitting. Subtly evocative in Katy McPhee's costumes, with faces painted, humanoid tigers, orangutans, armadilloes, marmosets and even fungi are glimpsed. A troop of soldier ants in shiny black uniforms eternally pace out their territory. Grasshoppers in green jodhpurs caper choreographically; big cats lounge, sleepily menacing.

The shy nocturnal species, *criticus adiposus*, signalling aggression with its traditionally brandished notebook, responds to the Red-Badged Official's repeated cry of "Howja-likeit-then?" with the warning snarl of its kind. The sound-track lilts with anthropomorphic whimsy ("Breakfast goes on all day . . . You may get trodden on but don't take it personally"). The *criticus adiposus* is; but tries not to.

Lumiere & Son have again produced a beautifully-drilled spectacular with an unimpeachable message, reminiscent of the balletic hordes of human musical instruments in their *Vulture Culture*. Hilary Westlake again devised and directed. Jeremy Peyton-Jones's music is richer than mere minimalism though showing the same faith in minor-key ostinatos. Simon Corder's technical direction and lighting are an extraordinary achievement. And yet one is left wanting more; and the *criticus adiposus*'s heart-rending cry of "More substance! More substance!" echoes through the nocturnal glades.

There is limited mileage in fur-jacketed actors hanging upside-down from branches, and that danger sign in *spectatores gormlessi*, the tendency to mil[l] around aimlessly, is soo[n] apparent. The show's centr[e]piece is a carefully chore[o]graphed encounter of culture[s] set outside one of the lovel[y] glass-houses. The musicians ar[e] illuminated inside. Feathere[d] Indians advance, retreat, the[n] disappear inside.

The epilogue similarly use[s] a Palladian pavilion for th[e] self-justifying speech of th[e] commercial exploiter as thre[a]tened creatures emerge fro[m] the woods to combine in th[e] inexorable, repetitive ballet, sort of minimalist dance. Th[e] ecological message is clear an[d] urgent (a few more acres [of] jungle disappear as you rea[d] this), but here it is vitiated b[y] pretentious mock-poetic la[n]guage and a tendency to los[e] the thread in a welter [of] striking effects.

The show's duration [is] unpredictable. Thursday's pe[r]formance was a good half-hou[r] longer than the previo[us] evening's. The *criticus adiposu[s]* its feet tender, its stomac[h] rumbling, fluttered homewar[d] gratefully, aware that i[ts] species is safe for a litt[le] longer; though further open-a[ir] promenade productions i[n] weather less balmy than th[is] summer's may see a shar[p] diminution on the numbers [of] this elusive, sweetly-singi[ng] little creature.

Martin Hoyl[e]

Video

Blockbuster follies

THERE used to be a saying in ruthlessly competitive Hollywood: "If at first you don't succeed, goodbye." Today, if at first you don't succeed you can always end up in video.

Explorers (CIC) is the most famous "missing" film of 1985. Costing $20m and directed by Joe Dante of *Gremlins*, it was Paramount's bid to rival *Back To The Future*: a sci-fi gymkhana with special effects by Industrial Light and Magic (of Star Wars, ET and Co) and creatures by creature maestro Roy Bottin, plus a story about three boys who build their own spaceship to answer the call of extralterristrial tappings into one of the group's home computers.

The movie crash-landed at the US box office and never showed up in British cinemas at all. Now the bizzarre work appears on video and it proves not so much a simple failure, more two different but intriguing movies painfully yoked together.

The first hour whisks us enjoyably round Smalltown, USA (the setting for almost every hit Spielberg-style film in recent years) as the youngsters build their spacecraft from dustbins, a big-dipper car and assorted bric-a-brac, then harness a passing force bubble and prepare for lift-off. But once in Outer Space the whole story changes gear. Our heroes are sucked into an alien starship and meet two demented extra-terrestrials seemingly out of the Muppet Show. They are large, green and pop-eyed like pantomime alligators. One is a simpering female; the other cracks jokes, sings, and does impersonations ("What's up, doc?") while a screen behind him explodes with TV commercials or clips of B-movie hokum from planet Earth. The boys, and the audience, do not know what has hit them.

There is a late explanation, of sorts, for the film's sudden volte-face from small-town naturalism (with fantasy frills) to all-out surrealism. But no one could pretend that it works. The pity is that each half of the film succeeds splendidly in its own right. The boys' story has a loose and larky charm, and the ET with his runaway showbiz shtik is uproariously funny. Perhaps some Kevin Brownlow of the future will stumble on the original film cans and wield creative scissors to give us two achieved masterpieces inste[ad] of one schizophrenic folly.

In a month for blockbustin[g] follies you may also samp[le] Hugh Hudson's *Revoluti[on]* (Warners), which famous[ly] sent Goldcrest spinning into t[he] red. (You've read the ba[lance] statement, now see the movie[.]) And though hardly blockbu[st]ing, *Windows* (Warners) is al[so] the stuff of which indust[ry] nightmares are made. Here [is] top cinematographer Gord[on] Willis (of *The Godfather* a[nd] *Manhattan*) making his dire[ct]ing debut, here is a promisi[ng] suspense plot about a facele[ss] killer stalking New York, a[nd] here is a stalwart cast led [by] Talia (*Rocky*) Shire. But heig[h]ho, the film died in Ameri[ca] and never came to Englan[d]. Dramatically, it is alas a no-n[o]. But stylistically it sugests som[e]one should give Willis anoth[er] try. His marvellous visuals [—] gaunt verticals and eer[ie] lambent overlaps of light a[nd] colour — make New York [a] geometric Wonderland.

But enough of fascinati[ng] follies. There are outright s[uc]cesses on video too, includi[ng] a growing cornucopia of classi[cs] from the past. The month's n[ew] releases from Video Collecti[on] include Hitchcock's first Hol[ly]wood thriller *Foreign Corr[es]pondent*, John Ford's last gre[at] Western *She Wore A Yell[ow] Ribbon*, *The Outlaw* (Ja[ne] Russell in a trip down ma[m]mary Lane) and Powell a[nd] Pressburger's hauting 1946 ta[le] of sacred and profane love [in] the Himalayas, *Black Narciss[us]*. Meanwhile, Stablecane lobs Jean Renoir's subtly seditio[us] *Diary of a Chambermaid* a[nd] Channel 5 throws us M[el] Brooks's unsubtly seditious but very funny *The Produce[rs]*.

Nigel Andre[ws]

Radio

Equal to Joyce

LAST week's Scottish Arts Week on Radio 4 had a "fringe" flavour, preferring the worth-seeking-out to the famous; less time was given to the Commonwealth Arts Festival than to the Commonwealth Games. This week, the Irish Arts Week has also drawn attention to the not-yet-famous as much as the famous, though Tuesday gave us a programme on Brian O'Nolan (alias Flann O'Brien, alias Myles na gCopaleen) that was marvellously Irish. Only James Joyce, we heard, could equal *At Swim-Two-Birds*, though there might be one or two English writers. It was, said another critic, "one of the funniest books ever written, and there aren't many such." There aren't many such programmes. I wish there were.

I liked *The Moral Meal* on Radio 4, but it didn't go far enough. Puritans may buy their rice from Surinam rather than Italy, may buy only New Zealand butter, or cane sugar, on political grounds. What I would have liked to hear was a humanitarian case for the vegetarians and vegans, and we only had Rabbi Blue, who eats eggs and fish, and avoids meat on the sentimental ground. Come to think of it, many of the moral judgments we heard were sentimental at base.

David Buck's picture of the Berlin Olympics in 1936 was like Leni Riefenstahl's. *Conflict of Doves*, Radio 4's Monday Play, contains a lot of his own inventions—conversations between Hitler and Goebbels and Avery Brundage and Riefenstahl; Riefenstahl's seduction of a Greek athlete; her conversation with an anti-Nazi Richard Strauss. But in making her film of the Olympics, Riefenstahl's object was artistic perfection rather than the elevation of the Nordic race. Mr Buck's object was an exciting play, and that is what we had, even if we could not always believe what we heard.

John Castle played Hitler as a pleasant man of young middle age, Cheryl Campbell played Riefenstahl as a young woman whose adherence to her principles overcame any natural pleasantness she might have had. Only in her last, long scene with Strauss (inimitably played by Michael Gough) did she sound truly human. There are no lines for Jesse Owens. Martin Jenkins's direction was full of interesting detail, but the bell in the Olympic bell-tower ("tuned in E minor," said Strauss cryptically) had too much the sound of Westminster.

B. A. Young

WEEKEND FT

SPORT

World Chess Championship

K v K—why there's fear and loathing in Park Lane

UNSUSPECTING tourists at London's Park Lane Hotel could have witnessed a bizarre sight last Sunday — that of Margaret Thatcher, sandwiched between two famous members of the Communist Party of the Soviet Union, all standing to attention while some bearskins from the Brigade of Guards blasted out the Soviet anthem.

The innocent explanation for this unlikely gathering was that the Prime Minister, anxious to improve Anglo-Soviet relations, was opening the World Chess Championship final. The two bruisers on either side of her were the world champion, Gari Kasparov, and his challenger, the former champion, Anatoly Karpov.

But the event itself can hardly be described as innocent. The two players share one thing apart from a genius for chess—a mutual antipathy that even the glazed patina of Soviet diplomacy cannot conceal.

This has got little to do with the fact that the 35-year-old Karpov is a pure Russian resident in Moscow, while the champion is a 23-year-old half - Jewish - half - Armenian fighting out of Baku, deep in the Soviet Middle East.

The needle goes back only to 1984, when Kasparov first won the right to play Karpov for the title he had held since 1975 when Bobby Fischer of the US refused to defend it. Karpov, needing six games to win, swiftly established a 5-0 lead. He should have wrapped the match up, but allowed Kasparov to struggle on with an exhausting series of draws.

After six months of refined mental torture, Karpov appeared to crack and lost three games. With the score at 5-3, the president of the World Chess Federation, the Phillippine Florencio Campomanes, unprecedentedly stepped in and stopped the match leaving Karpov as champion. The reason Campomanes gave was the threat to the health of the players, but the fact that Campomanes is personally very friendly with the physically frailer Karpov meant that the obvious conclusion was drawn.

Karpov insisted that he had wanted to continue, but Kasparov has never forgiven either man for the incident, and took to describing them collectively as 'Karpomanes'.

A rematch in Moscow last year was played in an atmosphere even more bitter than when Karpov fought the Soviet defector Victor Korchnoi. Kasparov refused to talk to the champion, and spent most of the five-hour playing sessions watching the board on a closed-circuit television offstage. The match, the best of 24 games, went right to the line, and only by winning the final game with an awesome display of chess pyrotechnics did Kasparov—finally—become the youngest world champion in the history of the game.

No love lost: Karpov (left) squaring up to champion Kasparov in London

The American chess master, Jonathan Tisdall, who was covering the event for Reuters, told me: "I was standing way back in the auditorium. But the look of hatred that Karpov flashed at Kasparov after the final game cut right through me."

One of Campomanes' arrangements was that should Karpov lose the second match, he would have the right to an immediate rematch. It is this which is now taking place in the Park Lane Hotel. If Kasparov had his way he would not be here at all. He fought a campaign through the international media in an attempt to get the match aborted, even appearing on the Terry Wogan show in Britain. To the Irishman's evident bemusement, Kasparov described Karpov and Campomanes as the "international chess mafia."

Only the first half of the 24-game match will be played in London. Then the players and their teams will leave their "safe houses" in the bourgeois fastnesses of South Kensington and St. John Wood, and aeroflot to Leningrad for the final shoot out.

When the match started, Mecca, the London bookmakers, gave odds of 2-1 against Karpov winning the most games, while Kasparov was at 4-9 on. For those after some real money, the odds against a 12-all result (which would retain Kasparov his title) are 9-1.

The odds are based on the players' Elo ratings. This is a system measuring the competitive results of chess players, devised by a US professor, Arpad Elo. Karpov's rating is the merely colossal 2705, while Kasparov has the stellar 2740. (Americans will be quick to point out that Bobby Fischer achieved the all-time peak of 2780 after he beat Spasky in 1972.)

The odds against Karpov look interesting. His rating is artificially depressed by his attitude to the game—always being prepared to accept a draw against a weaker player if it is enough to win a tournament.

This safety first attitude of the ex-champion is another source of irritation to the explosive Kasparov. He believes in playing to the highest artistic and sporting standards whatever the situation. Karpov, on the other hand, believes in economy of effort, arguing that, since chess is a functional game, the efficient is also the beautiful.

After two games of the match, most of the action has taken place off the chess board. Karpov insisted that the wheels of his deluxe reclining chair were too slow to allow for a speedy get away, while Kasparov opted out of the soft life altogether and commandeered a brutal looking hard wood affair from the hotel dining room.

He then insisted that its legs be sawn off to the extent of exactly two centimetres. No-one has yet repeated the Spasky "chair gambit" in which the ex-world champion complained in his match with Fischer that the American was emitting mind-numbing rays from his chair. The thing was duly dismantled to reveal nothing more sinister than two dead flies.

Between the legs of the table, facing the audience and sandwiched between two Soviet flags, is the most unmarxist slogan, "Save and Prosper." The unit trust group has sunk £30,000 into the match, but nevertheless Campomanes has threatened to take down this innocuous message with his bare hands. In response, the organising committee has nailed the S & P sign to the table, and another one at the back, should Campomanes attempt to turn the table round.

In another Filippino gambit, the president is insisting that the £610,000 prize fund be lodged in a Swiss bank account operated by the world chess federation. He wants to be sure that it gets its 1 per cent tax on draws, but the players appear to want all the money to go to the victims of the Chernobyl disaster.

What about the games? Number one was a washout. Kasparov, playing black, essayed a defence, the Grunfeld, which he has never played in serious games before. Karpov, evidently surprised, baled out to a quick draw.

In game two, Kasparov played with the spider-like subtlety which is more normally associated with his opponent, and fashioned a winning position out of the most unpromising material. Then, with about four minutes left to make the final three moves of the first session, he missed a simple move which would have forced resignation. In the second session, Karpov wriggled out after a total of seven hours play.

According to Robert Wade, the English chess master covering the London event for Izvestia: "Kasparov may have to wait half-a-dozen games before he gets another such simple chance to beat Karpov." But Karpov must be worried that in two games he has not once troubled the champion.

Dominic Lawson

American Football

Dallas comes to town

TOMORROW WEMBLEY Stadium is sold out for a football game. The participants are not Manchester United or Livepool but the Superbowl champions, the Chicago Bears, and the Dallas Cowboys. British fans weaned on Channel 4's coverage of American football have jumped at the chance of seeing heroes like William 'Refrigerator' Perry and Ed 'Too Tall' Jones in the flesh.

Nowadays, British enthusiasm for the sport is not confined to watching. There are two British leagues (Budweiser and British American), with 103 teams scattered around from Plymouth to East Kilbride.

The growth in interest and the high cost of kitting out a player (£350-plus) have created a burgeoning mini-industry supplying football paraphernalia.

Even the City of London has its own team, the Stags, which plays in the Budweiser Atlantic Premier League. "We founded the team as the Stock Exchange Stags in 1983," Michael Hurst of brokers Paul E. Schweder Miller says, "but we changed the name because we found it put people off." The Stags have not been slow to tap the talent of American bankers working in the City, and the brains behind the team is Tom Theys, a BankAmerica veteran of futures market hurly-burly, who acts as quarterback and coach.

One recent recruit for Theys was former England rugby international Andy Ripley, now with the United Bank of Kuwait. Ripley found his experience not all that useful. "About the only similarity between the games is the shape of the ball," he says ruefully.

The best team in the country is generally acknowledged to be the London Ravens, whose points totals resemble cricket rather than football scores. Their new quarterback, Ron Roberts, who had a tryout with the Pittsburgh Steelers, has helped them maintain a 100 per cent record at the top of the Atlantic Division. Today, they start the play-off round at Richmond.

Elsewhere, the standard can be variable, with some dispute among the experts about the level it reaches. According to Tom Theys, the standard is "around US junior college level," but Alan Lees, editor of the newest American football publication, First Down, believes that view is optimistic. "High school level is about right at the moment," he says, "but maybe in a few years our teams might get up to moderate college standard."

In the long term, it seems inevitable that the two leagues will become one and the number of top-class teams will drop to around 50. In Italy, where the number of football teams has been carefully restricted, the size of crowds has given some clubs the resources to reach semi-professional standard.

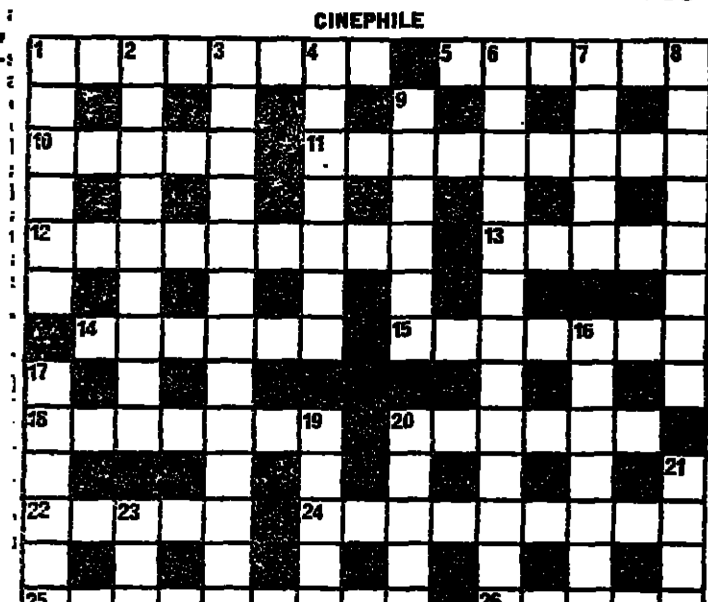
Even though the British American football industry may be overmanned and due for a shakeout, the enthusiasm which has been generated is unlikely to die away completely. Surrey Thunderbolts attracted a crowd of 13,500 in April to a game which was admittedly something of a one-off, but the London Ravens claim an average attendance of 2,000, comparable with a fourth division soccer club.

Perhaps the last word should be left to Angela Chinn. On Sundays, she swaps her dental nurse's uniform for the black and gold bomber jacket and skirt of the Surrey Thunderbolts cheerleaders. She admits to acute embarassment the first time she jumped up and down and shouted: "Thunderbolts, we're here for you," but now she enjoys it. "The cheerleaders from both sides get together at half time and have a laugh," she says. Would that relations between Arsenal and Tottenham fans were as good.

Philip Coggan

F.T. CROSSWORD PUZZLE No. 6089

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

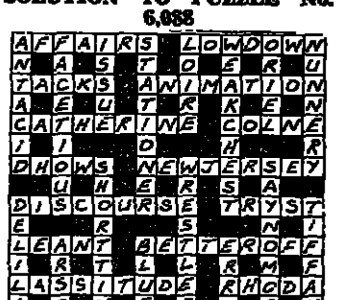
ACROSS

1 Punishment for athlete? (4, 4)
5 French reception, not English, in two yards (6)
10 Greek letter (that's correct) might feed love (5)
11 Dog losing head in race makes a song and dance (9)
12 Coinage struck by Giles Moon (9)
13 Change to 'old an 'orse (5)
14 Journalist's drawback has a name (6)
15 Food for loveless speeches (7)
18 Household god of American town, possibly a cat (7)
20 Song words, maybe Cyril's (6)
22 Welsh house for Trade Union droner (5)
24 Strange life in electrical unit a long way off (3, 6)
25 Creature on a river, crazy and sick with love (9)
26 Excel in striking a note (5)
27 Whip finds unfinished article, lacking in patience (6)
28 How words are got in by gay Swede? (8)

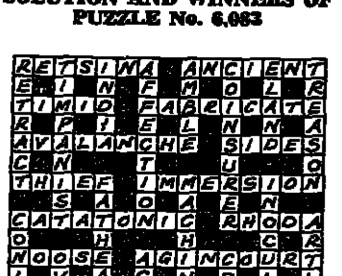
DOWN

1 Decent fellow in colour (6)
2 Wound of earlier time to fuel store (3-6)
Sailor gets round on autumn winds: . . . (see 6) (4, 2, 3, 6)
I read "Mr", maybe implying "Mrs" (7)
(see 4) . . . bandmaster beheaded by non-foe, strangely: he does everything badly (3, 6, 2, 4)
Slave, as man is to Fate? (5)
Lady official of former time in service (8)
Low sound of odd drink turning up (6)
Lights, first to last, on painters and musicians (9)
Take what can't be seen (8)
Airmen didn't quite fly as a gamble (6)
20 Outside court, fat fast bowler (7)
21 It's horrid to serve up notes of hand (6)
23 Protest of wall in Paris (5)

SOLUTION TO PUZZLE No. 6,088



SOLUTION AND WINNERS OF PUZZLE No. 6,083



Ms M. Andon, Claygate, Surrey; Mr R. E. Sheppard, Epsom, Surrey; Dr J. C. S. Holmes, Liskeard, Cornwall; Mr J. K. Wylie, Comber, Co Down, N Ireland; Mr G. P. Mann, London SW1.

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1
8.30 am The Flintstones. 9.00 Grandstand including 12.50 pm News, Commonwealth Games and Racing from Goodwood. 5.10 News. 5.20 Regional programmes. 5.25 How to Shoot Sharks. 5.50 The Dukes of Hazzard. 6.35 Sorry!
7.05 pm Film: "The Zany Adventures of Robin Hood," starring George Segal, Morgan Fairchild, Roy Kinnear, Tom Baker and Neil Hallett. 8.40 The Bob Monkhouse Show. 9.20 News and Sport. 9.35 Commonwealth Games (highlights of the games). 11.05 Heart Beat 86. A pop/rock extravaganza at the National Exhibition Centre.

BBC 2
2.00 pm The Clockmaker. †2.25 Films: "Shoulder Arms" and "The Pilgrim," starring Charlie Chaplin with Edna Purviance. 3.45 Laramie. 4.35 The Sky at Night. †4.55 Film: "City Lights," starring Charlie Chaplin. 6.20 World Chess Report.
7.10 Newsview. 7.50 Zubin Mehta Masterclass. 8.40 Film: "Shane," starring Alan Ladd, Jean Arthur, Van Heflin and Brandon De Wilde. 10.30 Helen. 11.05-12.40 am Film: "Jennifer."

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Get Fresh! 11.30 Wake Up London. 12.00 News. 12.05 pm Wrestling. 1.00 "Blondie Brings Up Baby," starring Penny Singleton and Arthur Lake. 2.30 That's My Boy. 3.00 "Christopher Columbus," starring Gabriel Bryne. 4.45 Walt Disney Presents. 5.00 News. 5.05 The Grumpleweeds Show. 5.35 John Silver's Return to Treasure Island. 6.30 And There's More Cricket. 7.00 We Love TV. 7.30 Summertime Special. 8.30 All Star Secrets. 9.00 News and Sport. 9.15 Movie Premiere: "Ordinary People," starring Donald Sutherland and Mary Tyler Moore. 11.35 Mog. 12.00 LWT News Headlines followed by 20 Years On. 12.50 am New From London. 1.55 Great Western. 2.45 Night Thoughts.

CHANNEL 4
1.15 pm Channel 4 Racing from Newmarket. †2.45 James Cagney in "The Strawberry Blonde." †4.35 The Three Stooges. 4.55 Family Circus. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 South Africa—Shutting the Door. 7.00 News Summary followed by The Sons of Abraham. 7.30 And The Beat Goes On.
8.30 Newhart. 9.00 The Organisation. 10.00 Hill Street Blues. †11.00 James Cagney in "Come Fill The Cup." †1.05 am "Two Men and a Wardrobe."

S4C WALES
1.15 pm Racing from Newmarket. †2.45 Feature Film: "Hotel Berlin." 4.30 The Curative Treatment. 5.30 The Chart Show. 6.15 Revid. 6.30 Solid Soul. 7.00 Kit Curran. 7.35 Newyddion. 7.45 Slarabang. 8.25 Trwy Benfro Pentigili. 9.25 Eisteddfod Genedlaethol Frenhinol Cymru. 10.25 Budgie. †.11.25 Feature Film: "The Night Has Eyes."

IBA Regions as London except at the following times:

ANGLIA
11.30 am The Telebugs. 1.00 pm Film: "Diamonds," starring Robert Shaw. 12.46 am At the End of the Day.

BORDER
1.30 am Captain Scarlet and the Mysterons. 12.00 Freeze Frame.

CENTRAL
1.30 am Terrahawks. 1.00 pm Saturday afternoon Cinema: "Anzio," starring Robert Mitchum and Arthur Kennedy. 12.00 Movie of the Week: "Cuba Crossing," starring Stuart Whitman and Tony Vaughn. 1.40 am Central Jobfinder.

CHANNEL
11.30 am Terrahawks. 11.58 Today's Weather. 2.30 pm Survival of the Fittest. 11.30 20 Years on. 12.15 am Mog. 12.45 I Hear the Blues.

GRAMPIAN
11.30 am The Telebugs. 2.30 pm Diff'rent Strokes. 12.45 am Cricket Results followed by Reflections.

GRANADA
1.30 am Roses Cricket: Lancashire v Yorkshire. 1.00 pm Roses Cricket. 1.15 Airwolf. 2.10 Roses Cricket. 5.05 John Silver's Return to Treasure Island. 6.00 The Grumbleweeds Show. 12.00 The Commodores in Las Vegas. 1.00 am Tales from the Darkside.

HTV
†1.30 am Terrahawks. 11.58 HTV News. 1.00 pm "The Jokers," starring Michael Crawford, Oliver Reed and Harry Andrews. 12.00 The New Squadronaires.

SCOTTISH
11.30 am Terrahawks. 1.00 pm "Anzio," starring Robert Mitchum, Arthur Kennedy and Robert Ryan. 12.00 Late Call.

TSW
11.30 am Gus Honeybun's Magic Birthdays. 11.33 The Getalong Gang. 11.57 TSW News. 1.00 pm Fisheries News. 1.10 Feature Film: Eat My Dust! staring Ron Howard, Christopher Norris, Warren Kemmerling and Dave Madden. 2.50 Rugby—The Player's Game. 5.05 TSW News. 5.07 The Grumbleweeds Show. 12.00 Rock of the Seventies (Pentangle). 12.40 am Postscript.

TVS
11.30 am Terrahawks. 11.57 TVS Weather. 2.30 pm Survival of the Fittest. 11.30 20 Years on. 12.15 am Mog. 12.45 After Midnight: I Hear the Blues, featuring Lonnie Johnson, Big Joe Williams, Muddy Waters, Victoria Spivey and Sonny Boy Williamson. 1.30 am Company.

TYNE TEES
11.30 am Roses Cricket (Lancashire v Yorkshire). 1.00 pm Roses Cricket. 1.15 The Fall Guy. 2.10 Roses Cricket. 11.35 Twenty Years On. 12.20 am Mog. 12.50 Poetry of the People.

ULSTER
11.30 am Terrahawks. 11.58 Lunchtime News. 5.03 pm Ulster News. 9.12 Ulster News. 12.00 Sports Results. 12.05 am Jilly Cooper at Home. 12.35 News at Bedtime.

YORKSHIRE
11.30 am Roses Cricket (Lancashire v Yorkshire). 1.00 pm Roses Cricket—More coverage from Old Trafford. 1.15 The Fall Guy. 2.10 Roses Cricket. 12.00 That's Hollywood.

Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time with Peter Clayton. 1.00 pm Huddwinks starring Roy Hudd. 1.30 Commonwealth Games Special plus Cricket (Derbyshire v New Zealand), Racing from Goodwood, Motorcycling and Golf. 6.00 Gloria Hunniford presents Two's Best. 7.00 Three In A Row. 7.30 Gala Concert. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls. 1.00 Steve Madden presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Stereo Release. 10.40 French Flute and Piano Music. 11.25 Philadelphia Orchestra (12.10 pm Interval Reading). 1.00 News. 1.05 My Childhood. 1.20 "Der Rosenkavalier," Strauss's opera on mono records conducted by Erich Kleiber, with Sena Jurinac as Octavian. (2.35-2.40; 3.45-3.50 Interval Readings). 5.00 Jazz Record Requests. 5.45 A Study in Evolution. 6.30 Music for Organ. 7.00 Chandos Baroque Players. 7.30 Proms 86. Bournemouth Symphony Orchestra conducted by Barshai, with Peter Donohoe (piano), part 1: Tchaikovsky's Piano Concerto No 1. 8.15 My Fear Muscovite (correspondence between Flaubert and Turgenev). 8.35 Proms, part 2: Stravinsky (The Firebird). 9.30 Haydn, string quartets. 10.10 Grimethorpe Colliery Band. 11.15 A Conversation About Silence by John Cameron Burnside. 11.25 The Jazz Pianist: John Taylor. 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.57 Weather; Travel. 9.00 News. 9.05 I'm Sorry, I Haven't A Clue II. 9.35 A Sideways Look At . . . by Anthony Smith. 9.50 News Stand. Martin Wainwright reviews the weekly magazines. 10.05 The Week in Westminster. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News; A Small Country Living. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Devon Journeys (S). 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.30 News; Travel; International Assignment.
4.00 The Saturday Feature: Civilisation, Intelligent, Seeks Similar . . . 4.45 In Keeping with Tradition. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather Travel. 6.00 News, Sports Round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Good Book. 11.00 Science Now. 11.30 Don't Stop Now—It's Fundation (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Knock Knock. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 The Great Palace: The Story of Parliament. 11.20 Cameo. 11.30 Seabrook's Year: Summer. 12.00 Cartoon. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather News for Farmers. 1.00 News Headlines. 1.05 Bonanza. 1.55 Cartoon.
2.00 Eastenders. 3.00 Film: "Edward, My Son," starring Spencer Tracy with Deborah Kerr. 4.50 Cartoon. 5.00 Great Railway Journeys of the World. 6.00 Wild Britain. 6.30 News. 6.40 Home on Sunday. 7.15 Film: "Hangar 18," starring Darren McGavin, Robert Vaughn and Pamela Bellwood. 8.50 News. 9.05 The Queen's Arms. 10.20 Choices. 11.00 Favourite Walks. 11.25 Motorcycling.

BBC 2
1.55 pm Sunday Grandstand including Motorcycling and Cricket. 6.50 Foley Square. 7.15 "Absent Friends." 8.45 Under Sail. 9.05 The Paul Daniels Magic Show. 9.50 George Washington. †10.50-1.00 am Film: "The Treasure of the Sierra Madre," starring Humphry Bogart, Walter Huston and Tim Holt.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Walt Disney presents Good Scouts. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Reasons. 12.00 Our Bomb: The Secret Story. 1.00 pm Catweazle. 1.30 Telebugs. 2.00 Survival of the Fittest. †2.30 LWT News Headlines followed by "Tarnished Heroes" starring Dermot Walsh, Anton Rodgers and Patrick McAlinney. 4.00 The Campbells. 4.30 Albion Market. 5.30 Survival Special. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Winner Takes All. 7.45 Murder She Wrote. 8.40 Return To Eden. 9.35 News from ITN. 9.50 The Real World. 10.20 The Jimmy Young Television Programme. 11.05 LWT News Headlines followed by The Irish RM. 12.00 Show Express. 12.30 am Night Thoughts.

CHANNEL 4
1.05 pm Irish Angle. 1.30 Model Magic. 2.00 Kids' Kafe. 2.30 Ray On Tagore. 5.00 The Mind of David Berglas. 5.45 Polo: The Cartier International from Windsor. 7.00 News and Commonwealth Conference Report. 7.15 The Arabs. 8.15 Country Matters. 9.15 People to People presents Well You Didn't Expect Us To Sit Around Doing Nothing, Did You? 10.00 American Football: Chicago Bears v Dallas Cowboys. †12.00 The Twilight Zone. †2.30 am The Tell-Tale Heart.

S4C WALES
10.30-11.15 am Oeda'r bore. 1.50 pm Gardeners' Calendar. 2.15 am Up and Coming. †2.45 Feature Film: "The Night My Number Came Up," starring Michael Redgrave. 4.30 South Africa—Decision Time. 5.50 The Mind of David Berglas. 5.45 Polo: Cartier International from Smiths Lawn. 7.00 News and Commonwealth Conference Report. 7.30 Ffenfler. 8.30 Y Cawr o Rydcymerau. 9.30 Twilight Zone. 10.00 American Football. †12.00 Twilight Zone.

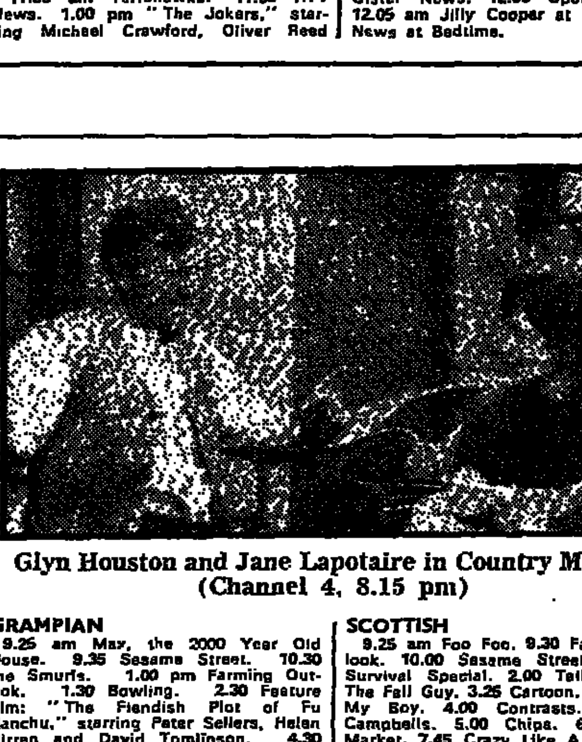
IBA Regions as London except at the following times+

ANGLIA
9.30 am First Sunday. †1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2.00 Bygones. †2.30 Sunday Cinema: "The League of Gentlemen," starring Jack Hawkins, Nigela Patrick and Richard Attenborough. 4.30 The Campbells. 5.00 Albion Market. 11.05 The New Avengers. 12.05 am And That's The Gospel Truth.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Farming Outlook. 1.30 Whiskers and Wet Noses. 2.00 The Love Boat. 3.00 David Frost presents the Guinness Book of Records. 4.00 Look Who's Talking (Moira Anderson). 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 7.45 Crazy like a Fox. 11.05 Johnny Cash In San Quentin.

CENTRAL
9.25 am Adventures of the Blue Knight. 9.35 Jayce and the Wheeled Warriors. 1.00 pm Gardening Time. 1.30 The Duke Lives On: John Wayne: "True Grit." 3.50 Blowhard. 4.00 Mind Your Language. 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 7.45 Crazy Like a Fox. 11.05 Crime Inc. 12.05 am Central Jobfinder.

CHANNEL
9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez-Vous. 1.00 pm The Longest Row. 2.00 The Sunday Matinee: "The Magnificent Seven Deadly Sins. 3.55 Puffin's Pla(I)ce. 11.05 A Full Life. 11.35 Mann's Best Friends.



Glyn Houston and Jane Lapotaire in Country Matters (Channel 4, 8.15 pm)

GRAMPIAN
9.25 am Max, the 2000 Year Old Mouse. 9.35 Sesame Street. 10.30 The Smurfs. 1.00 pm Farming Outlook. [illegible] Film: "The Fiendish Plot of Fu Manchu," starring Peter Sellers, Helen Mirren and [illegible]. The Campbells. [illegible] 6.00 Albion Market. [illegible] A Fox. [illegible] Michener. [illegible]

GRANADA
9.25 am Max the 2000-year-old Mouse. [illegible] 11.25 Aap Ka Hak. [illegible] Right. 1.00 pm [illegible] Roses Cricket [illegible] Lancashire v Yorkshire. [illegible] Campbells. [illegible] coverage from Old Trafford. [illegible] Albion Market. [illegible] 7.15 Survival Special. [illegible] Takes All. [illegible] cert. 11.50 [illegible]

HTV
9.25 am Max the 2000 Year Old Mouse. [illegible] Gardening Time. [illegible] ways. 2.00 [illegible] "White Feather." [illegible] 4.30 The Campbells. [illegible] Special. [illegible] HTV News. [illegible]
HTV Wales—As HTV West except: 1.30-2.00 pm [illegible]

SCOTTISH
9.25 am Foo Foo. 9.30 Farming Outlook. 10.00 Sesame Street. 1.00 pm Survival Special. 2.00 Talkback. 2.30 The Fall Guy. 3.25 Cartoon. 3.30 That's My Boy. 4.00 Contrasts. 4.30 The Campbells. 5.00 Chips. 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 Late Call. 11.10 20 Years On. 11.55 It's In the Closet, It's Under the Bed.

TSW
9.25 am Link, followed by South West Link. 11.00 Reasons. 11.25 Look and See. 11.30 The South West Week. 11.55 Postscript Diary. 1.00 pm Scarecrow and Mrs King. 2.00 Whose Baby? 2.30 The Duke Lives On—John Wayne. 3.30 Now You See It. 3.57 Gus Honeybun's Magic Birthdays. 4.30 Gardens For All. 5.00 Survival Special. 6.00 Albion Market. 7.45 Crazy Like A Fox. 11.05 The Duck Factory. 11.30 That's Hollywood. 11.55 Postscript Postbag.

TVS
9.25 am Employment Action Line. 9.30 The Smurfs. 1.00 pm The Longest Row. 2.00 The Sunday Matinee: "The Magnificent Seven Deadly Sins," starring Bruce Forsyth, Paul Whitsun-Jones, Bernard Bresslaw and Joan Sims. 3.55 TVS News. 11.05 A Full Life — Jill Cochrane talks to Lord Christopher Soames. 11.35 Mann's Best Friends. 12.05 am Company.

TYNE TEES
9.25 am Morning Glory. 9.35 Jack Holborn. 9.55 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Northern Life — Sunday Edition. 2.00 The Prizewinners: "Martin Luther King—The Assassin Years." 2.30 Sunday Matinee: "The Snows of Kilimanjaro," starring Gregory Peck, Susan Hayward and Ava Gardner. 4.25 Regional News. 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 7.45 Crazy Like a Fox. 11.05 Fifty Fifty. 12.00 Epilogue.

ULSTER
12.58 pm Lunchtime News. 1.00 Gardening Time. 1.28 Farming Weather. 1.30 The Duke Lives On—John Wayne in "True Grit." 4.00 The Harlem Globetrotters. 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 6.38 Ulster News. 7.45 Crazy Like A Fox. 9.47 Ulster News. 11.05 Sports Results. 11.10 The Mysteries of Edgar Wallace. 12.10 am News at Bedtime.

YORKSHIRE
9.25 am Regional Weather followed by Link. 11.30 Farming Diary. 1.00 pm The Baron. 2.00 Sing To The Lord. 2.30 Sunday Cinema: "A King's Story." 4.15 The Smurfs. 4.30 The Campbells. 5.00 Survival Special. 6.00 Albion Market. 7.45 Crazy Like a Fox. †11.05 "The Quatermass Experiment." 12.35 am Five Minutes.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 All-Time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green. 3.00 Alan Dell. 4.00 The Random Jottings of Hinge and Bracket. 4.30 Sing Something Simple. 6.30 Charlie Chester with your Sunday Soapbox. 7.35 Old Stagers (memories of Jack Hulbert and Cicely Courtneidge). 8.00 Vernon and Maryetta Midgley sing for your pleasure. 8.30 Where Do You Go? 9.00 Personal Choice. The Rt Hon Edward Heath MP with some of his favourite music. 10.05 Songs from the Shows. 10.30 The Gospel Truth. 11.00 Sounds of Jazz with Peter Clayton. 1.00 am Steve Madden presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Vivaldi's Venice. 9.00 Pierre Fournier. 9.00 News. 9.05 Your Concert Choice. 10.45 Prom Talk. 11.15 Borodin Piano Trio. 12.05 pm Beethoven and Mahler (12.45-12.50 Interval Reading). 2.05 Martin Roscoe. 2.50 Nash Ensemble. Chamber music by Reger and Schubert, and songs by Schubert and Webern (with Henry Herford, baritone) (3.35-3.40 Interval Reading). 4.35 Bournemouth Symphony Orchestra. 5.30 The Harlequin Years. 6.15 Liszt and the Piano. 6.45 Boccherini and Haydn string quartets. 7.30 Proms 86. Berlioz's "Grande messe des morts" conducted by Sir John Pritchard. 9.05 Water, Snow and Ice. 9.35 Baroque Recital. 10.20 Debussy and Elliott Carter cello sonatas. 10.55 Sterndale Bennett (featuring his 4th Piano Concerto played by Malcolm Binns with Haydn's Symphony No 97). 11.57-12.00 News.

BBC RADIO 4
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Julie Christie talks for the Week's Good Cause, about the Rape Counselling and Research Project. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service from the Church of St Thomas More, West Malling in Kent. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Picnics. 2.30 The Afternoon Play (S). 3.30 A Splendid Discipline (S). 4.00 News; Northern Lights. 4.30 The Natural History Programme. 5.00 News; Travel. 5.05 Down Your Way visits Newhaven, East Sussex. 5.50 Shipping Forecast. 5.55 Weather.
6.00 News. 6.15 Weekend Woman's Hour. 7.00 The Light That Failed by Rudyard Kipling (S). 8.00 A Good Read. 8.30 The Music Makers: Edward Seckerson meets Simon Rattle (S). 9.00 News; A Word in Edgeways. 9.30 Law in Action. 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature: A Glimpse of the Burning Plain (S). 11.00 Before the Ending of the Day (S). 11.15 Hush . . . Money. 11.45 Ten Thousand Miles on an Overdraft. 12.00-12.15 am News.

Solution to Chess No. 631

1 N-KB4 (threats 2 N-K6 or 2 N-K2), K-B6; 2 QxKP, or if KxN; 2 Q-B5 or if BxN; 2 QxNP, or if PxN; 2 B-B6, or if N-B6; 2 N-K6, or if P-K5; 2 N-K2.

WEEKEND FT

Saturday August 2 1986

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Hitler's unfriendly games

Exactly 50 years ago Nazi Germany turned the Berlin Olympics into a political circus. But sport won, as Rupert Cornwell reports.

BERLIN'S OLYMPIC stadium is probably the only surviving monument of the Third Reich that is a protected historical site, a tribute in great half-weathered blocks of limestone, granite and marble to the eternal engineering genius of Germany, a structure that was the marvel of its day. Even now, empty but for a handful of television technicians preparing for a big athletics meeting, it recalls and transcends the regime that built it.

It is not on architectural grounds alone that the stadium demands its place in history. The entanglement of politics and sport is a truism—as the partial boycotts of the past two Olympics, and the gradual disintegration of the Commonwealth Games in Edinburgh, testify. Never, though, has a sporting festival been so blatantly and successfully employed for the ends of politics and propaganda as were Hitler's Olympics exactly 50 years ago.

Today, the 350-acre complex (once called the *Reichssportfeld*) and its appendages, laid out in what then was virtual countryside to the west of the old Berlin, bear ironic witness to the final consequences of his lunacy. The old Olympic village, a few miles away in what is now East Germany, is a barracks for Russian troops.

The stadium lies in Britain's sector of the divided city and administration of the complex was handed back to the local authority 13 months after the Second World War ended. But what was once the "house of German sport" on the north-eastern edge remains the British military headquarters in Berlin.

Just behind the stadium is the *Maifeld*, conceived as an assembly area for Nazi rallies. Now, British soldiers play polo and rugby there, and every June, Her Majesty's garrison holds its Queen's Birthday parade on a field of ghosts where 500,000 Germans once would gather to pay homage to the splendour of the Reich.

Hitler at first foresaw neither sporting hubris nor the military nemesis that would follow. He had once even dismissed the Olympics as "an invention of Jews and freemasons." Initially, he showed little interest in the games, which were awarded to Germany in the dying months of the Weimar Republic to replace the 1916 Olympics, due to have been held in Berlin but lost to the First World War. His attitude changed when he came to power.

On March 16 1933, after barely six weeks in office, he was telling the German Olympic authorities of the "propaganda importance" for the "new Germany" of the celebrations more than three years ahead. The entire apparatus of the interior and propaganda ministries was placed at their disposal. "Wir wollen bauen," "we want to build," was his watchword. The smaller arena, constructed for the 1916 games, was deemed inadequate.

An entire complex would be built in its place. Its centrepiece was a new stadium costing 50m Reichmarks (£96m in 1986 money) and seating 100,000 people. Its architecture was awe-inspiring yet graceful, its amenities unrivalled. In 1974 it acquired some airy, transparent roofing over the main stands. But, even now, the shades of 1936 haunt the place. Hidden in its bowels is a labyrinth of rooms and corridors linked to a broad road tunnel, invisible beneath. The 1936 Olympics were at the dawn of the television era. Decaying cables that helped to power those first outside broadcasts are still to be seen, in dusty, underground chambers.

However, for the athletes of five decades ago the stadium was a wonder of the world. "I went to Los Angeles in 1932 and they built a pretty reasonable one," says Godfrey Rampling, hero of Britain's victorious 4 x 400 metres relay team in Berlin. "But the German one was magnificent. I had never seen anything quite like it."

That, of course, was exactly as the Third Reich intended. Hitler's purpose was to turn the Berlin Olympics to many, sometimes conflicting, purposes: to galvanise German youth, to impress and inebriate the rest of the citizenry—and to dazzle the outside world while reassuring it (a bare few months after the remilitarisation of the Rhineland) that the new Germany was not as menacing as was already being claimed.

The *Reichssportfeld* was a vital ingredient in this propaganda brew. "It wasn't so much a stadium and surrounds as a political statement," according to Professor Hayo Bernett, a sports historian at Bonn University and creator of a major exhibition to mark the anniversary. Behind the main tribune of the *Maifeld* was a shrine to the German dead of the Great War, which Hitler visited on his way to open the games on August 1 1936. "This was an essential symbol, linking the cult of youth with death in battle," says Bernett.

A similar striving was evident in the Olympic "art" of the time—notably, the colossal hewn white statues of athletes, ephebes and naked swordsmen that still dot the stadium's surrounds: all of them joyless, martial monuments to youthful power but designed to show the spiritual affinity between Athenian Greece and the renaissant Reich.

For ordinary Germans, however, such trappings were of less relevance that the months of fanfare that preceded the Games. The venerable Richard Strauss was commissiond to compose an Olympic hymn. Essays on what the Olympics meant for the new Germany were obligatory fare for schoolchildren. An Olympic procession, a huge column of cars complete with mobile exhibition, travelled the length and breadth of the country. That winter, the nine-ton Olympic bell, forged in the foundries of Bochum in the Ruhr to adorn the 70-metre-tall bell tower above the *Maifeld* tribune, made a royal progress, worshipped like a golden calf by pagan multitudes, along the icy roads to Berlin.

In the capital, no one could ignore the enthusiasm as the climax drew nigh. High jump silver medallist Dorothy Odam, now Dorothy Tyler, was only 16 in 1936, the youngest member of the British team. She remembers "the mass hysteria, like a festival. Young people were everywhere." But while the exhilaration was so skilfuly fostered by Dr Josef Goebbels and his propaganda ministry, the reasons for it may have been more profound.

Walter Volle, who looks as fit aged 72 as he was when he won a gold medal for Germany in the coxed fours rowing in Berlin, would consider himself no apologist for the Nazis. "The enthusiasm was not really for the regime," he argues. "In the early 1930s, things were very bad in Germany. Weimar had seemed too weak and there was mass unemployment. By 1935, optimism was growing again. But you have to admit, too, some of the Nazi measures were positive. They got people off the streets and gave them work."

It was, however, to the problem of concealing the less positive aspects of the regime that the Fuehrer devoted at least as much of his attention. Well before the anti-Jewish "Nuremberg laws" of September 1935, the racialist theories and deeds of national socialism were generating pressure for an international boycott of the games. And even the vice of Nazi censorship could not prevent awareness in Germany of the foreign mood, especially in the United States with its large Jewish community.

The first demands in the US for a boycott surfaced as early as 1933. In 1934, a mock trial of the Berlin regime was held in New York and attended by 20,000 people. Protest, sometimes violent, often occurred. In response, and as the games drew closer, the authorities in Berlin adopted a less provocative approach.

However, two events above all staved off a dreaded American decision not to take part. In 1935, Avery Brundage, the chairman of the American Olympic Committee (AOC), made a fact-finding trip to Germany. He met the head of the Jewish Sport Association in the Kaisershof hotel in Berlin. Unfortunately, however, the simultaneous presence of senior officials of the *Reichssportsfuehrung* proved somewhat inhibiting. Brundage, a dogged believer that sport was sport and politics another matter entirely, could go home and report that all was comparatively well. By two votes, the AOC agreed to go to Berlin.

Then, late in 1935, the regime drew much of the boycott movement's fire by inviting the half-Jewish but eminently Aryan-looking Helene Meyer, a fencing gold medallist from 1928 but by now an emigrant to California, to return home and join the German team. She did so, and won a silver medal. But another Jewish athlete was less fortunate.

Gretel Bergmann had recently broken the German high jump record and looked a possible winner of the event. A fortnight before the games, she was told that her "weak performances" did not entitle her to take part. The letter added insultingly that, of course, if she wanted to attend as a spectator the authorities would pay her expenses. In the end, though, only individual Jewish sportsmen from other countries boycotted Berlin: 52 nations took part and the only important absentee was the Soviet Union (although it did not attend an Olympics until 1952).

Outside America, the boycott movement had also lost steam. Goebbels' propagandist skills proved more than a match for the evidence of the real aims of the Nazis. The Berlin Olympic village was only a dozen miles from the Oranienburg concentration camp to the north-west but, as Rampling recalls: "The stories about what was really going on in Germany were only seeping through very slowly. Only a small minority felt we shouldn't take part. No one could really imagine the dreadful way Germany would go."

The Germans naturally took every precaution to see that such embarrassing facts were kept out of the athletes' way. One method was a "special commando" at the main Charlottenburg post office which checked their mail. But no system was perfect. "We were given booklets showing how industry was booming and so on, and we had guides and interpreters to take us to the shops," Dorothy Tyler remembers. "But once, one tried to stop us going into a Jewish shop, a shoe shop. For us, it was a game. We thought, oh, you stupid woman, and went in anyway."

Once the games had started the Germans, inevitably, were under huge pressure to succeed — as, indeed, they had been since 1934 when banners would unfurl at sporting occasions proclaiming "German athletes are thinking of 1936; we must not disappoint our Fuehrer, Adolf Hitler." The rowing events were held at Gruenau, now in East Berlin, and Walter Volle will never forget the rhythmic chanting of "Deutsch-land, Deutsch-land" from 30,000 spectators avid for a home victory.

Hitler was in the stands, too, watching proceedings through field glasses and thumping his knee in time with the chanting, which all but destroyed the rhythm of the oarsmen's stroke. After the German four had won, an adjutant came to the shower room saying cars were waiting to take them to the VIP tribune. "They were all there, to congratulate us—Hitler, Goering, even Leni Riefenstahl, the film-maker, with a camera team. We are so proud of you, Hitler said. It was the win which put Germany in the lead in the medal table: we must keep this lead, he told me."

And Germany did, capturing 33 gold medals compared with the 24 won by the Americans in second place. But the glamour events were in the Olympic stadium itself and there the Germans fared less well—not least, of course, thanks to Jesse Owens, that Americ[a's] incarnation of the "Negro tribes." Historians still argue about the circu[m]stances of Hitler's refusal to invi[te] Owens to his box after winning the fir[st] of his four gold medals (in the men['s] 100 metres) that August 3, a Monda[y]. But if it was a snub, then Owens h[ad] consummate revenge in the long jum[p] where he defeated the great Germ[an] hope, Luz Long, in the most dramatic [of] circumstances.

The duel persisted until the en[d]. Rampling was watching from halfway u[p] the stands as Owen embarked on his la[st] jump. "There were 100,000 people ther[e] but it was so still it was eerie. The win[d] wasn't strong but you could hear t[he] flags above flapping lightly against the poles. Then, Owens was off. He sprinte[d] down the track and took off. He be[at] everything: Long, the Olympic reco[rd] and the world record. A huge groa[n] went up from all the Germans, but Lon[g] went and put his arm around Owens i[n] congratulation."

At such electrifying moments do[es] sport transcend everything? Whatev[er] the odious doctrines of the regime, t[he] Berlin of 1936, as the Berlin of 19[8]6 held Jesse Owens to its heart. His nam[e] is there, engraved on the roll of Olymp[ic] victors above the marathon gate at t[he] western end of the arena. The road th[at] leads to the stadium, next to its lon[g] closed S-bahn station which once h[ad] 12 platforms, is now called Jesse Owe[ns] Allee.

Even the stifling German obsessi[on] with organisation, and the pervasi[ve] militarism—typified by the hundreds [of] tramping youths whose early morni[ng] marches would wake Dorothy Odam [at] the PE school where the British gir[ls] were lodged during the games—could n[ot] prevent spontaneity breaking throug[h]. Volle recalls a warm evening at t[he] Olympic village as a group of Hawaii[an] swimmers were playing songs on the[ir] guitars. "Then, some German came ov[er] on the grass and joined in wi[th] accordians. A concert just happene[d] without any planning. That really mad[e] a big impression on me."

Should that concert and the Olympi[cs] have happened at all, though? Argume[nt] still rages on whether a boycott mig[ht] have inflicted a fatal blow to the presti[ge] of the Nazi regime. Undoubtedly, t[he] mood of the time conspired to create [a] readiness to be deceived and your[g] athletes, then as now, wanted simply [to] complete. Ramping catches the differi[ng] generational viewpoints: "We were[n't] interested in politics and there were[n't] the divisions we saw about going to t[he] Moscow games in 1980. Personally, [I] thought that was monstrous. But if [I] had been young, like I was in 1936, [I] probably wouldn't have felt like th[at] at all."

Another German participant puts [it] this way: "You can't separate sport a[nd] politics. Statesmen like sport and so [do] the voters. Even if the 1936 Olympi[cs] had been boycotted, it wouldn't hav[e] changed political developments he[re] afterwards."

Ironically, the philosophies [of] Germany in 1936 are best traced tod[ay] not in West, but East Germany: bo[th] in the repressive character of the regim[e] and its policy of making sporting exce[l]lence serve greater national goals. [A] decade after the Olympic propagan[da] triumph, Nazi Germany had been co[m]prehensively destroyed and many of t[he] young German heroes of 1936 had die[d] on the battlefields of Europe. But at [a] spot which today is neither East no[r] West Germany, the stadium erected f[or] Hitler's purpose survives, a symbol [of] how sport can survive obscenities com[mitted] in its name.

The Long View

When competition can be dangerous

Anthony Harris explains that while cartels continue to operate, this has less to do with conspiracy at high levels than the fact that companies are being caught in the profits trap.

WHEN YOU fill up your petrol tank or buy coffee, tea, a loaf of bread or a pint of milk, are you much aware of the collapse of energy and commodity prices? If you are, you are a great deal more sensitive to price shading than most people.

If, on the other hand, you are in the market for a car, a small computer, or even a dozen eggs or a joint of lamb, you must surely know there is a glut. They are cheap. And thereby, as you may imagine, hangs a tale. To give it a snappy title, it is the tale of the profits trap.

You will not find this trap in the economics textbooks. Keynes discovered what he called the liquidity trap—the danger that people and businesses will hang on to money when its buying power is rising, rather than spend it. (The Ford Motor Company, which is good at economics, understands this danger and each year tries to stimulate sales by warning that its prices are about to go up, not down.)

What seems to be happening in some markets at the moment, though, is different. Prices in many important markets are not falling, or not falling nearly as fast as costs; so the rise in real spending power which was supposed to be creating a boom this year is much weaker than expected. On the other hand, profit trends are stronger than you would expect in a flat economy.

The most familiar evidence is at the petrol pumps. The major oil companies have made quite an energetic attempt to freeze petrol prices during a period when the price of crude has halved—the secondary collapse from a bit over $20 in the spring to present levels. You can also see it, though, in many food products in this country.

[illegible] of Japan is still more striking. The enormous fall in all import costs, which has resulted from weak markets and a very strong currency, has not come through to the consumer at all, so that demand in the economy remains very weak. Somebody is protecting their margins.

This sounds like a conspiracy against the public—the sort of thing Adam Smith warned us would happen whenever businessmen met, even for an innocent round of golf. In fact, though, two Oxford economists, Hall and Hitch, demonstrated some 50 years ago that this would be likely to happen without any conspiracy at all in any industry dominated by comparatively few suppliers.

In stable or deflationary conditions, prices will tend to get stuck; you cannot gain market share by cutting prices because all your competitors will cut, too; and you cannot improve margins by raising prices because none of your competitors will follow. This is oligopoly, or cartel without conspiracy.

This form of behaviour, which can be seen over quite large stretches of most modern economies—although it is less common in the US, where anti-trust laws do bite—has largely been forgotten in the era of inflation. When costs are rising, oligopolists behave much like competitors. Perhaps that is why nobody thought of the profits trap when forecasting the result of falling costs on the world economy—not even this column, which has no need to eat its words on the general outlook.

All the same, it does help to explain both the disappointment over activity and employment, and the buoyancy of profits and markets. A bit of serious research on modern market structure might yield some valuable share tips.

However, we are concerned with a bird's-eye (or satellite's-eye) rather than a worm's-eye view, so you will get only a general tip here: oligopolists do not generally make abnormal profits, since they compete in everything but price—notably in expensive promotion. They make windfall profits when costs fall sharply, because their prices are sticky; but when costs are stable they usually enjoy thin but stable profit margins.

You might conclude that this analysis is bullish about the short-term profits outlook, cautionary for the medium term, and downright bearish about economic growth; but it is not as simple as that. Red-blooded competition in a slack market is not only painful, it can be dangerous.

This aspect is vividly illustrated in the current issue of *Business Week International*. The US economy is still growing, more or less, and has certainly done better in the past year than the British or French economies. Consumers there have benefited from falling prices (especially at the petrol pump): but the shortage of windfall profits has also produced an alarming picture of overhanging private debt, bankruptcies and bank failures which has left the monetary authorities there in a terrible dilemma. If interest rates stay up, the debt structure might collapse; if they are pushed down with any vigour, the dollar might collapse. The Fed might welcome stronger profits and slower growth.

It is no accident, then, that most of the horror stories now circulating about the dangers of deflation come from Wall Street—which until recently was celebrating the joys of disinflation. The US economy is clearly now the biggest centre of risk for the developed world and there is a barely suppressed hysteria in the growing American calls for help from stronger economies. Failing such help, they might have to resort to protectionism to reduce the trade haemorrhage, or inflation to devalue debt, or both.

For other countries, though, the prospects look less risky although rather drab—for the time being, at any rate. Cautious public finance combined with cartelisation are not exactly a new response to depressed conditions; they were the official watchwords of the 1930s. We seem to have got there more smoothly this time

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Bank sector may be overdue for re-rating

SHARE PRICES are still oscillating on the slightest scrap of news or rumour but through it all the All-Share Index seems to be clinging successfully to the 770 level. Some had feared that once that level had been breached there was little to stop it skidding down towards 750, but the past few days, at least have proved the market to be made of sterner stuff.

Stability, however, is not a word to be applied to equities yet. Given the current mood of the market prices could continue to churn although it is worth remembering that August has been a good month for share prices in recent years. Perhaps it is because the politicians are off sunning themselves that prices tend to rally. Certainly a little less to worry about on the political front would be no bad thing this summer. And an August rise could be just the thing to get the market heading towards a new high before the year is out. A cut in interest rates would obviously be a help.

Among those rooting for a bull run will be a few thousand new recruits to the share ownership fraternity in Barrow-in-Furness and Birkenhead following the flotation of VSEL, the Vickers and Cammell Laird warship builder which was privatised with an employee-led buy-out last March. Ahead of first day dealings on Thursday most analysts had been looking for a premium of 40p or so over the 100p issue price. In fact the price shot to 160p before settling back a few pence.

The market had expected a lot of the buy-out investors to cash in their chips at the first opportunity but actual selling was remarkably light and mainly coming from the institutions. The workers and families who control 27 per cent of VSEL must be tempted to sell at these prices but once the trickle of stock from there has been digested the price should start to pull away. On a p/e of 5½ the group stands on about half the sector average, it could go a point or even 1½ points higher.

Elsewhere in the market the half-time results of two more clearing banks, National Westminster and Midland, dominated the company news of the week. Lloyds reported at the tail end of last week and Barclays is due out on Thursday. By far the most impressive set of figures so far came from NatWest with a 34 per cent rise in pre-tax to £482m against the comparable period. Although, having forecast its dividend payout with the rights issue earlier in the year, the market was not exactly excited by the numbers.

Midland on the other hand managed to unveil another disappointing set of figures. A 29 per cent rise to £195m pre-tax was not good enough for the market even though a ½p rise in the dividend to 11½p was a welcome relief after the years of unchanged payouts.

Assuming Barclays comes up with around £475m next week the list of forecasts for the full year runs something like this: Barclays, £970m, Lloyds £700m, Midland £425m and NatWest breaching the £1bn mark for the first time. But, of course, the market has tended to ignore earnings multiples for the banks,

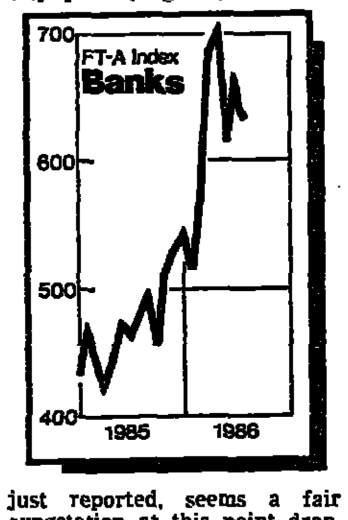
London

preferring to stick with yield-based valuations.

Nevertheless, without any obvious changes in the basis of taxation or accounting practices to come perhaps the time is right to start looking at p/es. As a sector banks are sitting on a prospective multiple of around 5 falling to, say, 4½ for next year. If fund managers can be swung round to looking at earnings, the sector must surely be overdue for a rerating.

The market ran an eye over Dee's full year figures to end April with little more than academic interest. Following the Fine Fare purchase at the beginning of June for £680m the number crunching has concentrated on the current year. Yet there was at least one point from this week's preliminary statement worth bearing in mind. Evidently it has taken longer to integrate the International Stores chain than many in the City expected. So presumably the forecasts for this year should not get too heady when adding in Fine Fare.

Even so something around £205m pre-tax, excluding property profits, against the £83m



just reported, seems a fair expectation at this point dropping the p/e to around 13. The shares would look cheap except that the market is choking on all the paper Dee has been issuing. There is still another 137p a share to pay on the 147.5m shares issued against Fine Fare and Associated British Foods, with a 15.4 per cent stake, is unlikely to be a long term investor. At some point the shares will be a "buy" — but not yet.

There is nothing to beat being in the right place at the right time and that is exactly where Reuters stands. This week the group reported a 32 per cent rise in pre-tax profits to £57.2m allaying the nagging doubts that had crept into the market following the share disposal by the Mirror Group — an event prompting an apology from Robert Maxwell.

The group is raking in new business ahead of "Big Bang" and the increasing internationalisation of the securities business and the number of installed video terminals has risen by almost 58 per cent to 85,799 over the last year.

Following the interim figures, forecasts for the current year are being shaded up to between £125m to £130m for a prospective p/e of about 25. The enthusiasm for the stock is understandable although a rating of twice the market average is about as far as even the most bullish of investors can expect it to go. It would be unreasonable to suggest Reuter's stock can continue to outperform in the short term, but there is little doubt that most analysts are coming out with their classic "buy on any weakness" recommendations.

There was little new on the bids and deals front this week apart from an £80m shares and cash bid by Coalite for the Hargreaves Group. The target has rejected the offer and said that it has had other approaches.

Coalite's timing looks sound enough because, given the uncertainty in the fuel market most forecasters were suggesting a modest amount of profits growth from Hargreaves for the current year. Something around £9.8m against £9m seemed about right.

Hargreaves, however, is not a sitting duck. It has strong management and it could mount a stout defence. Assuming a "kitchen sink" profits forecast, it could probably muster a prediction of £10½m pre-tax this year, for earnings per share of about 18p. Coalite will have to come up with something better than the current price — one of its shares plus 600p in cash for every four Hargreaves—which suggests an exit multiple of around 12½.

Who exactly the other potential bidders are is a matter for educated guessing at this point, but four names spring to mind: Ocean Transport, Powell Duffryn, AAH and Redland.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,273.4	+ 9.7	1,425.9	1,094.3	Steadier after recent setback
Amstrad	*132*	*+16*	*132*	*36½*	*Launch of new personal computer*
Authority Invs	370	−80	505	72	Bid situation
Barclays	495	−25	589	433	South African sanctions fears
British Aerospace	483	+20	606	421	Rationalisation at Weybridge
Ferranti	124	+12	154	108	Bid speculation
Gold Mines Kalgoorlie	370	+35	480	315	Firm bullion lifts Australian golds
Hargreaves	255	+75	255	133	Coalite bid and other approaches
Imry Property	350	+55	375	270	Bid approach
Klearfold	*60*	*−40*	*123*	*60*	*Interim profits setback*
Lamont Holdings	164	+16	185	132	Speculative buying
Lincroft Kilgour	228xd	+25½	250	165	Bid approach from Priest Marians
Lonrho	202	−36	274	184	Adverse comment on SA interests
Mackay (Hugh)	107	+14	115	71	Takeover speculation
Matthews (B.)	250	+27	300	122	Revived speculative demand
Plan Invest	123	+28	123	66	Bid from Stakis
Reckitt and Colman	767	−37	900	607	South African sanctions fears
Standard Chartered	*722*	*−31*	*895*	*420*	*South African sanctions fears*
Viewplan	68	+13	100	62	Preliminary bid talks in progress
Wiggins Group	153	+30	153	41	Asset injection hopes

Marina misses the boat

THE USM new issues season ended this week with more of a bang than a whimper. One highly-publicised offer for sale was a dismal flop while another which had attracted little attention was oversubscribed; a start-up venture was busily placing its shares on the market as two longer-established ventures had theirs suspended; and an unassuming business with an unassuming name so impressed the accountant handling its placing that he quit his firm to join the company's board.

The week's two offers for sale illustrate just how unpredictable the new issues market can be. Marina Development had press coverage which ranged from the broadly favourable to the wildly enthusiastic, yet attracted applications for only 51 per cent of its shares—and most of those went to institutions which had promised to apply for them, anyway. Meanwhile, F & H Group, the supplier of industrial control systems which had won only muted enthusiasm for its offer, saw it marginally oversubscribed.

While Marina's advisers — Guidehouse and Kitcat & Aitken —could point to the problems of managing a successful flotation in a jittery market, their arguments seemed to hold little water when F & H could get away successfully on the same day. With hindsight, it seems likely that Marina had relied too heavily on a deluge of applications from wealthy boat owners who, when it came to the push, kept their cheque books in their pockets.

F & H, on the other hand, looked cheap on a prospective price/earnings multiple of under nine and there is little doubt that its sponsor, Smith New Court Agency, used its influence in the City to ensure that its first new issue would succeed.

Omnitech, the start-up venture with a new kind of packaging machine, must have been cursing its luck in choosing to float in a week when Mnemos staggered into a financial reconstruction and Metal Sciences called in the receiver. The two announcements were a vivid reminder of the hazards of start-up venture investment and are unlikely to encourage a premium for Omnitech when dealings begin on Monday.

Coline International might not sound the most exciting business on earth: most of its sales come from supplying oscilloscope probes and the bits and pieces that go into electrical plugs and sockets. It is nevertheless expanding into the growth market of electronic test equipment at home and overseas, and its ambitious plans are

USM

backed by a management team of unusual breadth and experience for the USM.

Tim Brookes, a 37-year-old partner at accountant Peat Marwick Mitchell, had handled at least eight other USM flotations before this one so he presumably knew what he was doing when he resigned to join Coline as deputy chief executive and finance director. This impressive vote of confidence, together with the pulling power of Schroders and Cazenove, Coline's advisers, could provoke an entertaining scramble for the company's shares on Monday morning.

New issues aside, one of the highlights of the week was Parkfield's announcement of its annual results. Profits shot up from £374,000 to £1.5m; and although this was partly due to five acquisitions made during the year, the core activities alone would have taken that pre-tax figure to £650,000.

Three years ago, Parkfield was a loss-making foundry group suffering from the effects of the recession. Then, chairman Roger Felber stepped in and took vigorous remedial action, restoring the original operations to profit and making the first of 10 acquisitions which have followed his arrival.

Last year, Parkfield had the fastest-growing share price on the USM and it is now a mini-conglomerate.

The criticism that is always made of such mini-conglomerates is that their rapid growth is fed more by their ability to use highly-rated paper to buy other companies' earnings per share than their skills in achieving fundamental improvements in profitability.

According to Felber, Parkfield is different. He says he is not interested in making hotly-contested bids for other quoted companies with big profits: instead, he prefers the gradualist approach, picking up unquoted companies or other groups' cast-offs which may not be making much profit now but have scope for substantial organic growth.

The criteria for these acquisitions are that they need to fit into Parkfield's engineering or distribution division and must be reasonably cheap. They are usually bought with management intact: "A lot of these companies are very well managed but lack entrepreneurial flair, and that is something we can apply," Felber says.

The problem with Parkfield's strategy is that as the group gets bigger, the effects of these acquisitions on profits will get proportionally smaller. Felber argues that organic growth will keep the momentum up, and the market appears to accept his assurance; only an imminent transfer to a full listing seem likely to keep them off the list of USM highest fliers of 1986.

Richard Tomkins

Barclays' chance to impress

BARCLAYS will on Wednesday become the last of the big four banks to report interim results and it will have its first chance to impress Japanese investors, since yesterday it became the first UK bank to list on the Tokyo Stock Exchange.

Profits of £485m are expected at the interim stage, a slowdown in growth (after the 37 per cent surge in 1985) reflecting the effect of lower interest rates on net interest income and of increasing competition on fee and commission income. That will be one of the poorer performances of this round of bank reporting.

Last year's interim figures will be restated from £431m to £403m to reflect the change to associate status of Barclays National. Bad debt provisions should not need to be altered substantially, given Barclays' move towards better quality assets.

Having been cushioned from the full effects of the fall in the oil price in the first quarter of the year, the major oil companies were expected to bear the full brunt of the oil shock in the second.

Yet, ROYAL DUTCH SHELL should, by achieving an improvement in downstream activities, have succeeded in offsetting the decline in upstream income. Analysts expect the company to report net income on the replacement cost basis of £2.125bn when its interim results are unveiled on Thursday.

In the first quarter Shell produced net income of £1.3bn, and the City expects £825m, or £600m after stock effects, for the second quarter. The US subsidiary, Shell Oil, has already reported a decline in second-quarter net income to £219m.

For the full year, forecasts range from an optimistic £3.1bn, assuming the oil price recovers to an average of $13 a barrel in the second half, to a pessimistic £2bn should oil hover at around $10 a barrel until the year end. Yet, a maintained dividend for Royal Dutch Shell and an increased dividend for Shell T&T should protect the share price.

The City expects yet another dull, but worthy performance from the BOC GROUP when it announces its third-quarter results on Thursday. BOC produced profits of £80.2m in the first half of the year and is expected to muster around £50m for the third quarter.

Although health care is faring well, gases have suffered, particularly in the US where

Results due next week

the economic outlook is sluggish and the steel industry, a major customer, is in decline.

The graphite electrode division, which has been problematic for several years, is expected to have broken even, or even have mustered a modest profit, in the third quarter, slightly ahead of schedule.

BOC has always been adept at hedging and should have countered the decline of the US dollar by buying forward, but might have suffered to some extent from its vulnerability to the weakness of the Australian dollar and South African rand.

The City is expecting GKN to produce interims of £80m pre-tax on Tuesday and a boost in the interim dividend which might take the gross yield over the 5 per cent mark. In 1985, the interim pre-tax profits were £70.5m pre-tax and the dividend was 4.5p.

Automotive components, which produces around two-thirds of trading profits, looks likely to have had a reasonably good half in spite of the downturn in US vehicle production. However, the increased demand for constant velocity joints for front wheel drive (and four wheel, for that matter) and independent rear suspension in the US is helping GKN to ride this out.

In Spain, GKN has increased its shareholding in two component manufacturers and is developing a strong position in an increasingly important market.

Distribution, usually about one-sixth of trading profits, is now totally automotive parts-centred. GKN Steelstock, the only non-automotive element left in this division, was sold in June to a group of private investors. In its last half as a member of the group, Steelstock had flat profits.

Distribution generally is having a tougher time, due to increased competition in the US, where most of its profits are usually made, possible losses in France, and some launch costs in Australia and Japan.

Industrial services is still being reshaped, with the purchase of British Vending boosting this side of operations just as the traditional fastener businesses are disposed of.

Over the past year, STC has enjoyed something of a recovery in the market's estimation although the shares are still some way short of March 1985's rights issue price of 190p. While caution is still the medium term watchword, the City is expecting £50m pre-tax (against £21.4m) for the six months to June to be reported on Monday.

The group's re-rating has much to do with improvements in its three main divisions plus declining interest payments as the debt level is cut back from the December 31 level of £200m. A pension holiday is expected to contribute to a £6m reduction in costs over the year.

In telecommunications, the forecast fall-off in orders for the TXE4A system (sales of which constituted over half the division's turnover in 1985) appears not to have taken place. An £85m enhancement order should maintain sales levels, at least to the year end.

At ICL, the new-found determination to defend market share looks to be paying dividends—something which STC itself might be doing if the margin gains on more or less stable sales levels come through as expected.

The interim figures for TI GROUP, due on Wednesday, are expected to show pre-tax profits of £19m, up from £12.6m at the same stage last year. A drop in the tax charge will allow TI to show substantial growth in earnings per share.

The second half is traditionally the strongest for TI as parents buy bicycles for Christmas and heaters for the living room. The growth in the first half will reflect the continuing success of TI's long-term strategy to cut back its involvement in primary and semi-finished products and to increase its interest in the domestic appliances market. Raleigh Cycles has been restructured and the changes should eliminate some losses from the first-half figures.

Among the other companies with results due next week are UNITECH, with preliminary figures on Tuesday, and SMITH AND NEPHEW and STOCKLEY with interims on Wednesday.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 *minimum*	0
Three-month term	6.69	6.86	5.31	3.86	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.25	5.32	4.12	3.00	half yearly	1	1-250,000	0
High interest access	7.00	7.00	5.42	3.94	yearly	1	500 minimum	0
High interest access	7.25	7.25	5.62	4.08	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.81	4.23	yearly	1	5,000 *minimum*	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	10,000 minimum	0
90-day	8.00	8.16	6.32	4.60	half yearly	1	500-24,999	90
90-day	8.25	8.42	6.52	4.74	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	*monthly*	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.06	7.18	5.56	4.04	half yearly	1	2,500 minimum	0
Schroder Wagg	6.82	7.04	5.45	3.97	monthly	1	2,500 *minimum*	0
Provincial Trust	7.66	7.93	6.14	4.47	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	9.20	6.93	5.68	4.50	half yearly	4	—	0
10pc Treasury 1990	9.47	6.61	5.03	3.54	half yearly	4	—	0
10.25pc Exchequer 1995	9.67	6.76	5.16	3.65	half yearly	4	—	0
3pc Treasury 1987	7.01	6.12	5.62	5.16	half yearly	4	—	0
3pc Treasury 1989	7.09	6.16	5.65	5.17	half yearly	4	—	0
Index-linked 1990¶	7.75	7.14	6.81	6.49	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
S.C. Banks	Wednesday	3.25	6.75	3.5
Ewart New Northern	Wednesday	2.0	4.0	0.5
Grosvenor Square Properties	Thursday	3.0	2.0	3.5
Hambro Currency Fund	Tuesday	—	—	—
Lawrie Group	Monday	25.0	30.0	35.0
London and Gartmore Inv. Trust	Wednesday	1.5	1.75	0.75
Millfields Inv.	—	—	—	—
Nordic Inv. Trust	Monday	—	—	—
Oceonics Group	Wednesday	—	0.75	0.75
Property Security Inv.	Wednesday	1.5	1.5	1.0
Rush and Tompkins	Monday	5.65	2.2	6.25
Scottish and English European Text	Thursday	1.4	3.5	1.6
Scottish and Mercantile Inv.	Thursday	3.5	10.5	7.0
Joseph Webb	Thursday	0.1313	0.3797	0.1313
INTERIM DIVIDENDS				
Alliance Trust	Wednesday	6.0	14.75	
BOC	Thursday	3.85	5.53	
British Alcan Aluminium	Tuesday	—	—	
Cannon Street Investments	Tuesday	1.5	1.0	
Coml. Bank of the Near East	Monday	30.0	30.0	
Conder Group	Friday	0.75	1.0	
Cowie, T.	Tuesday	1.25	2.25	
Davies and Metcalf	Thursday	1.58	0.63	
GKN	*Wednesday*	4.5	7.5	
Glynwed Int.	Tuesday	6.75	7.02	
Hickson International	Thursday	5.0	10.0	
Kennedy Brookes	Tuesday	0.603	0.963	
Kleinwort Benson Lonsdale	Thursday	6.0	12.0	
Law Debenture Corp.	Thursday	2.75	3.55	
Pleasurama	Tuesday	1.75	5.75	
Relyon Group	Wednesday	1.65	2.0	
Rotork	Wednesday	2.4	3.0	
Securicor Group	Wednesday	0.2	0.673	
Security Services	Wednesday	1.10	1.98	
Smith and Nephew	Wednesday	3.25	3.28	
J. W. Spear	Friday	4.0	6.0	
STC	*Monday*	—	—	
T.R. City of London	Thursday	0.975	0.975	
Yorkshire Chemicals	Wednesday	1.25	1.75	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
AE	176½§ §§	224	182	173.74	Turner & Newall
Aitken Hume¶	150	134	158	68.80	Tranwood
Assoc Heat Srvcs	490*‡	490	440	39.20	Cie General de Chauffe
Barrie Invs & Fin	19	14½	16½	18.27	Bestwood
Benford Concrete	68	85	88	15.08	Blackwood Hodge
Benf'd Concrete¶	90†§	85	83	19.96	BM Group
Bestobell	528	515	498	85.03	Meggitt Hldgs
Biddle Hldgs	195*	185	165	7.80	Kone (UK)
Brengreen	45½	47	41½	29.63	BET
Brown (John)¶	26½	25	23	71.71	Trafalgar House
Bruntons(Mbrgh)	63*§	66	55	4.96	Carlco Eng
Burnett & Hallam	18½	11	22	7.16	Anglo Utd Dev
Clarke (Clmnt)¶	240*	248	240	19.20	Boots
Com Bk of Wales	70*	70	76	16.80	Bank of Scotland
Eleco	134	137	140	22.38	Whitecroft
Gable House¶	212	207	203	16.40	Ladbroke
Gelfer (A. J.)¶	165	161	148	10.31	Crowther (J.)
Hargreaves Grp.	221½ §§	255	180	79.30	Coalite Group
HAT Group	120½	128	94	92.37	BET
Ind Scot Energy	90*	88	85	*20.50*	*Texas Gas Expln*
JSD Computer	150†	145	155	8.17	Hestair
Land Investors	78*	76	73	74.05	BCPH
Lngtn Indl Hldgs	226	228	210	14.18	Thomson T-Line
Man. Ship Canal	625*§	670	660	23.49	Highams
Mayhew Foods	130½	131	115††	17.72	Northern Foods
Midland Marts Gp	180*	172	143	6.70	Oyston Est Agncy
Oldacre	183*	175	105	25.80	Unigate
Owen & Robinson	£23*	£34	800	1.61	Messrs Davies and Ratner
Paul Michael	16½*§	50	16	1.21	Cleves
Plan Invest Grp.	126	123	105	2.77	Stakis
Prop Hldg & Inv	136½§	144	145	107.71	Greycoat Group
Rotaflex	490*	482	483	54.19	GTE Corp
Ruddle (G.)	300*	280	187	14.19	Grand Metrop
Slaters Food	194	191	190	14.18	Freshbake Foods
Staffs Potteries¶	154†	152	143	8.81	Coloroll
Spafax Television	154	145	133	5.85	Aspen Comms
Sunbeam Wlsey¶	124	123	120	10.40	Crowther (J.)
Tern Group	50	38	43	1.17	Corton Beach
Whitwth's Food¶	51	55	63††	5.55	Booker McConnell
Yarrow	784§§	795	630	31.36	CAP Group

Prices in pence unless otherwise indicated.

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 1/8/86. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended. || Swedish kronor. a Tender offer for 25.1 per cent of capital.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AIM	Apr	1,730	(1,724)	9.8	(8.9)	5.75	(5.75)
Walt. Alexander	Mar	4,330	(3,370)	20.9	(17.7)	7.0	(6.0)
A & M Group	Jan	642	(838)	0.7	(1.4)	0.4	(0.4)
Asprey	Mar	10,920	(7,570)	33.0	(23.3)	10.0	(6.67)
Black Arrow	Mar	1,620	(1,320)	15.4	(11.7)	5.0	(4.2)
Peter Black	May	6,270	(4,890)	12.2	(10.9)	1.83	(1.62)
CAP	Apr	2,710	(2,120)	7.9	(7.6)	1.5	(—)
Dee-Corp	Mar	83,000	(64,300)	16.0	(13.7)	7.2	(5.8)
Gibbon Lyons	Mar	411	(354)	5.4	(4.2)	3.52	(—)
Gibbs Mew	Mar	807	(289)	9.1	(3.3)	3.6	(2.56)
Gold Greenless	Mar	1,470	(638)	10.2	(3.8)	1.0	(—)
Havelock Europa	Apr	1,160	(631)	10.8	(5.7)	4.0	(2.3)
Hillards	May	8,960	(8,140)	11.7	(17.1)	3.3	(2.9)
Macarthys Pharm	Apr	4,210	(4,060)	19.0	(18.2)	9.5	(8.2)
Marler	Mar	366	(648)	2.8	(24.9)	—	(—)
Marling Ind	Mar	2,120	(2,000)	8.2	(7.3)	1.75	(1.5)
May & Hassell	Mar	1,800L	(81)	—	(—)	0.1	(3.75)
Mercantile House	Mar	75,400	(52,200)	53.8	(39.8)	14.0	(13.0)
Merrydown	Mar	1,260	(1,030)	18.6	(21.4)	6.0	(5.33)
M.L. Hldgs	*Mar*	*2,170*	*(1,420)*	*26.5*	*(17.9)*	*8.0*	*(7.0)*
M.S. Intnl	May§	3,000	(492)L	10.7	(—)	2.0	(0.1)
Multitone	Mar	1,440L	(515)	—	(1.8)	0.1	(2.78)
N.M.C.	Mar	167	(182)	—	(—)	—	(1.0)
Norton Opax	Mar	5,170	(2,200)	8.0	(10.0)	3.5	(2.83)
Parkfield	Mar	2,350	(1,220)	18.3	(6.9)	3.6	(2.4)
Alf. Preedy	Mar	383	(1,020)	8.7	(1.3)	3.87	(3.87)
Radiant Metal	Feb	281	(241)	14.5	(14.6)	2.5	(2.5)
Wm Ranson	Mar	582	(477)	39.6	(21.9)	9.95	(8.65)
Rexmore	Mar	604	(513)	3.0	(0.3)	1.0	(1.0)
Wm. Sommerville	May	528	(369)	47.0	(33.2)	9.0	(7.0)
David S. Smith	Apr	6,210	(1,050)	12.5	(5.9)	4.2	(3.0)
Stewert Zigonda	Mar	60	(49)	14.5	(11.6)	9.23	(8.12)
Aliza Tinsley	Mar	651	(754)	5.4	(6.6)	2.88	(2.88)
F. H. Tomkins	May	7,360	(3,520)	12.0	(7.9)	2.8	(2.25)
Unigroup	Apr	562	(21)†	7.1	(0.2)	1.1	(0.72)
Watshams	Mar	2,620	(1,880)	7.9	(6.4)	3.6	(3.0)
Zetters Group	Mar	1,830	(1,440)	17.2	(12.4)	5.0	(4.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends per share (p)	
Aaronson Bros	Feb	1,200	(2,120)	1.2	(1.2)
AMS	May	1,130	(1,440)	0.5	(—)
Bristol Oil	June	424L	(1,440)L	—	(—)
Burmatex	June	955	(689)	2.75	(2.0)
D.J. Sec	June	105	(85)	0.65	(0.65)
Greggs	June‡	911	(667)	2.0	(1.65)
John I. Jacobs	June	796	(1,010)	1.4	(1.4)
Jebsens Drilling	June	11,300L	(8,800)L	—	(—)
Thom. Jourdan	June	618	(412)	1.25	(1.05)
Lex Service	June	14,800	(7,900)	4.1	(4.1)
Lloyds Bank	June	335,000	(283,800)	6.25	(5.0)
Midland Bank	June	195,000	(151,000)	11.5	(11.0)
Mount Charlotte	July†	8,380	(7,280)	0.61	(0.53)
Nat Westminster	June	482,000	(360,000)	7.0	(6.34)
Ocean T&T	Mar	15,000	(15,700)	2.9	(2.55)
Plastic Const.	Mar	237	(103)	0.87	(0.83)
Reuters	May	57,200	(—)	1.75	(1.25)
Sycamore Hldgs	Apr	212L	(896)L	—	(—)
Wace Group	June	324	(225)	—	(—)

(Figures in parentheses are for corresponding period)

* Dividends are shown net pence per share except where otherwise stated. † Figures for 28 weeks. ‡ Figures for 24 weeks. § Figures for 53 weeks. L Loss.

OFFERS FOR SALE PLACINGS AND RIGHTS ISSUES

Coline International—USM placing at 2.5m shares at 110p each.

F. & H. Group—USM placing at 3.6m shares at 134p each.

RIGHTS ISSUES

Forward Tech.—To raise £2.4m through a four for nine rights issue at 34p a share.

Sutcliffe Speakman—To raise £1.6m through a rights issue at 25p.

Television South—To raise £19.3m through a one-for-three rights issue at 12p.